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NEWS SUMMARY

GENERAL

Thatcher refuses to meet Carron

Mrs Thatcher rejected a request from Fermanagh and South Tyrone by-election victor Owen Carron for a meeting to discuss the Maze prison hunger strike.

She suggested he should see Michael Alison, deputy to Northern Ireland Secretary Humphrey Atkins. Back Page

Mideast progress

Egyptian President Anwar Sadat and Israeli Premier Menahem Begin agreed to restart Palestinian autonomy talks. Page 3

Silkin pledge

Labour deputy-leadership candidate John Silkin said he will abstain in the second round if eliminated in the first. Page 6

Voyager hitch

Cameras on Voyager 2 failed as the U.S. spacecraft made its closest approach to Saturn. Page 4

Oil blaze out

Firemen ended a week-long oil blaze at Kuwait's Shu' Aybah refinery.

Murder charge

Three teenagers were charged in Baltimore with the murder of British holidaymaker Phillip Rouse.

Britain accused

Britain wrongly sent four White Russian generals to their deaths in the Soviet Union in 1945, a book claims today. Page 5

Rebel arrested

The leader of last month's attempted coup in Gambia was arrested in Guinea-Bissau.

Iran executions

Iran said it has executed 26 Leftists in the last three days.

Slavery denial

Mauritania denied allegations by the Anti-Slavery Society that 10 per cent of its 1m people are slaves.

Foxbats ready

India said Soviet-built MiG-25 (Foxbat) aircraft are now operational, giving it potentially the biggest strike force in Asia. Page 3

Pope returns

Pope John Paul gave his first general audience since an attempt on his life three months ago.

Berlin clashes

A West Berlin squatters' demonstration ended in clashes with police.

Club fire kills 8

Eight hostesses were burnt to death in a night club in Punta Arenas, Chile.

Long haul

Two wheelchair-bound paraplegics completed the first arm-powered crossing of the U.S.

Missing digit

Scots fish salesman Jackie Bruce, 32, tore off a finger to save his life after falling into Ullapool harbour and being trapped underwater by his wedding ring.

Briefly . . .

Bus crash killed 20 in Nagaland, India.

Contempt of Court Act 1981 comes into force today. Page 5

Romeo and Juliet opened in Tibet, in Tibetan.

American Civil Liberties Union founder Roger Baldwin died.

BUSINESS

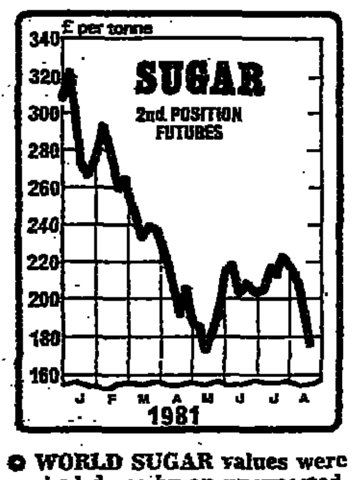
Sterling up 2.10c; equities rise 9.4

● STERLING rose 2.10 cents to $1.8445. It improved to Y424.5 (Y420.5), but eased to DM 4.56 (DM 4.5675), FFr 10.885 (FFr 10.96) and SwFr 3.9625 (SwFr 3.965). Its trade-weighted index was 91.4 (91.3). Page 18

● DOLLAR weakened to DM 2.471 (DM 2.503), FFr 5.9025 (FFr 6.01), SwFr 2.1475 (SwFr 2.1735) and Y230 (Y230.25). Its trade-weighted index fell to 111.9 (112.4). Page 18

● EQUITIES rallied *strongly*, helped by good company news. The FT 30-share index put on 9.4 to 558.5. Page 24

● GILTS eased from the best in late trade after early gains. The Government Securities index added 0.28 to 64.30. Page 24



● WORLD SUGAR values were pushed down by an unexpectedly large allotment of export licences at the weekly EEC export tender. The January position closed £4.30 down at £175.45 a tonne. Page 23

● GOLD *rose $5.50 to $415 in* London. In New York the Comex August close was $413.5. Page 18

● WALL STREET was down 1.15 at 900.68 near the close. Page 22

● NIGERIA cuts its oil price by $4 a barrel. Japan threatened to halt imports from five Arab countries in a bid to encourage price cuts. Back Page

● NORTH SEA oil production workers in the Anglo-Norwegian Statfjord field widened their strike action over a pay claim.

● NATIONAL Semiconductor, U.S. electronic chip manufacturer, is pulling out of the bubble memory area of the computer industry. Back Page

● U.S. said direct *foreign* investment rose 20 per cent to $65.5bn (£35.5bn) in 1980.

● UK was the biggest foreign investor in Spain in the first *half of this* year with direct investment worth Pta 6.8bn (£37m)—21 per cent of the total. Page 4

● HOOVER, domestic appliance concern, is discussing restructuring which could *involve* closure of its factory near Glasgow with the loss of over 2,000 jobs. Back Page

COMPANIES

● BLUE CIRCLE Industries, manufacturer of cement and allied products, had a pre-tax surplus up 49 per cent to £50.9m for the first half. Page 16: Lex, Back Page

● JOHNSON MATTHEY, the precious metal refining, banking, and chemicals manufacturing group, reported taxable profits up from £10.21m to £12.05m for the second quarter. Page 16; Lex, Back Page

● ASSOCIATED DAIRIES, dairy and store operator, reported pre-tax profits for the 52 weeks to May 2 of £51.39m (*£49.98m*). Page 16; Lex, Back Page

● LONDON BRICK saw first-half taxable profits fall from £7.42m to £5.16m. Page 16

● PEARL ASSURANCE reported attributable profits up from £4.49m to £5.71m for the first half. Page 16

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

Treasury 12pc 1986	£91	+	½
Treasury 14pc 1996	£92¼	+	½
Associated Dairies	194	+	6
Blue Circle	524	+	35
British Aerospace	233	+	7
Distillers	208	+	4
GEC	785	+	10
GKN	169	+	5
Haden	240	+	5
Harvey & Thompson	45	+	5
Hogg Robinson	115	+	6
Howden (A.) Wrrnts	273	+	3
Johnson Matthey	293	+	8
Kent (M. P.)	155	+	6
London Brick	80	−	7
Midland Bank	340	+	18
Moss (Robert)	36	+	16
Philips Lamps	445	+	8
Royal Bk of Sctland	190	+	8
Thorn EMI	475	+	10
Utd. Scientific	537	+	19
Geevor Tin	175	+	20
Lydenburg	200	+	10
Northern Mining	196	+	6

FALLS:

Sumrie Clothes	55	−	5

Mitterrand sets out programme for rapid reform and reflation

BY DAVID HOUSEGO IN PARIS

FRANCE'S Socialist and Communist coalition yesterday announced an awesomely heavy calendar of government business for the next four months. The timetable reflects the Government's determination to move ahead rapidly with its programme to reflate the economy and carry through fundamental social and institutional reforms.

The timetable was announced after a Council of Ministers meeting at which President Francois Mitterrand, in a sombre message marking the end of the holiday season, warned of difficult times ahead.

He called on all Frenchmen to play their part in achieving a recovery and said people must be honestly informed of the problems the country faces, the Government's goals and of how it intended to overcome the difficulties.

The legislative timetable is:

● September — Nationalisation and budget Bills. The Government also promises statements on financing social security and unemployment benefits, financial help for industry, support for small businesses, family benefits and on the programme of decentralisation for France's overseas territories.

● October — Announcement of the two-year economic plan and *statements on the development* of the telecommunications and computer industries.

● November — Bills on shortening the working week, the retirement age, and the status of Corsica. There will be government statements on regional financing, transport policy, aid to the Third World and the creation of jobs for young people.

● December — Bills on the broadcasting industry and the reform of the social security system.

President Mitterrand said the Government's ambition was to respond rapidly to popular *expectations. But the economic* difficulties were great and time was needed to remedy the errors of management in the past. He blamed the previous Government for its legacy of the present budget and external deficit and of high prices. And he said his administration's policies had not added to the list of unemployed.

Evoking a spirit of national co-operation, he called on M Pierre Mauroy, Prime Minister, and members of the Government to undertake a nationwide campaign to explain the Government's policies and mobilise the nation's energies.

President Mitterrand also *announced he would hold a* press conference—the first of his administration—on September 24. He would explain how France stood internally and externally and what should be "our place and our role in a difficult world where our voice is now better heard across all continents."

The President's promise of more information on the state of the nation comes at a time when opinion polls and some papers sympathetic to the Socialists have been reflecting doubts about whether the Government, for all its air of confidence, has any clear idea of how to reverse the trend of rising unemployment and inflation.

Press comment, indicating the end of the period of grace for President Mitterrand's Government has pointed to the risks of the Government attempting too much and of the vagueness and contradictions in its policies.

The Prime Minister referred to some of the contradictions earlier this week—for example the policy of nationalisation at the same time as wooing heads of industry for their support in reviving the economy—

Continued on Back Page

France scraps the guillotine, Page 2

UK 'poorly placed' in information technology

BY GUY DE JONQUIERES

BRITISH industry is poorly placed to exploit the fast-expanding world market for information technology products, currently worth more than £30bn a year, and the UK will fall still further behind other countries unless urgent corrective measures are taken.

These are the principal conclusions of a report prepared by the Pactel consultancy group which urges the Government to take a variety of initiatives to stimulate development of a more vigorous information technology sector.

The report was commissioned last year by the National Enterprise Board, which was recently merged with the National Research Development Corporation to form the British Technology Group.

Pactel forecasts that the world market for information technology products—which embrace computers, communications systems and office equipment—will double in real terms between 1980 and 1985 to reach £105bn.

But Britain, which represents about 6 per cent of the market, is supplying only 50 per cent of its own needs. On present trends that will drop to 35 per cent by 1990, producting a trade deficit of £1bn, up from about £300m currently.

Pactel says that because of U.S. domination of the market and the growing challenge from Japan, companies must be able to generate substantial profits and have extensive international operations.

It is scathing about the prospects for most British-owned manufacturers and says that only Racal Electronics has the resources, geographical spread and aggressiveness needed to compete effectively.

Management attitudes in much of British industry compare unfavourably with the determined and energetic approach to be found among manufacturers in the U.S. and in some companies in France and Germany.

Britain is weak in office systems and computer manufacturing but it has potential strengths in communications, computer services, satellite technology, avionics and defence related systems.

The UK should develop competitiveness in areas where it is strong, rather than attempt to cover the whole range

As a top priority, the Government should quickly liberalise telecommunications and relax financial constraints on British Telecom. Procurement policy should favour internationally saleable products and UK bids for international systems projects should be supported by Government.

The report calls for measures to stimulate the application of microelectronics in industry and to increase the flow of commercially profitable technology from the public to the private sector.

'A Strategy for Information Technology. Pactel Rochester House. 33 Greycoat Street, London SW1P 2QF. Tel: 01-828 7744. £3.50.

Details, age 6

One-in-six manufacturing jobs lost in past two years

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ONE-IN-SIX manufacturing jobs in Britain has disappeared *over the past two years.* The largest declines have been in the metal manufacturing and textiles sectors.

Department of Employment figures published last night in its monthly gazette show that manufacturing employment fell by 1.1m to 5.9m in the two years to this June. This is equivalent to a decline of 15.8 per cent. Manufacturing employment now accounts for only just over a quarter of the total workforce.

The manufacturing total dropped by 52,000 in June, similar to the decline in the previous five months. The gazette comments that while this is *below the monthly* average fall of 77,000 during the second half of last year, the rate of decline remains substantial and apparently is not slowing any further.

Similarly, the Confederation of British Industry's quarterly trends inquiry last month pointed to a considerable further reduction in empolyemnt over the coming months. But the shedding of labour by redundancies apepars likely to be less than in any quarter since spring 1980.

The levelling out of manufacturing output after its steep decline has been reflected in a large reduction in short-time

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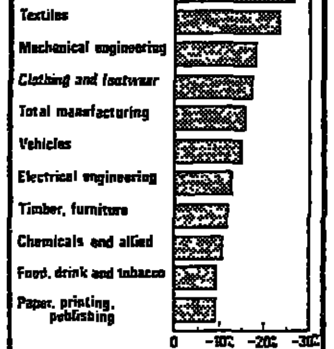
Bonn agrees jobs package, Page 2

EEC jobless rate a record, Page 2

Hoover gives jobs warning, Back Page

MANUFACTURING JOBS



Source: Department of Employment Gazette

CONTENTS

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S. Africa incursion attacked by West

By Mark Webster in London and John Stewart in Cape Town

SOUTH AFRICA came under a barrage of western criticism yesterday as its forces continued their drive deep into southern Angola.

France, Britain, West Germany, Canada and the U.S. all delivered protests to the South African government, deploring the violence in Angola

In London Mr Marais Steyn, the South African Ambassador, was told by a Foreign Office official that Britain "repeatedly condemned violence in the region from whichever quarter it comes.

"We wholly deplore the latest South African action, the consequences of which could be highly dangerous for the stability of Southern Africa. We trust that the current action will be terminated and South African troops withdrawn immediately from Angola."

No further details of the South African troop movements were released yesterday but one still under way. It began on that a "major incursion" was still underway. It began on Monday when two large armoured columns were reported by the Angolans to have crossed the border from Namibia.

Mr P. W. Botha, the South African Prime Minister, admitted in Cape Town yesterday that the troops had entered Angola but insisted they were there in pursuit of guerrillas of the South West Africa People's Organisation (Swapo) which is fighting to end Pretoria's control over Namibia from bases in southern Angola.

He said reports that Angola was being invaded were exaggerated. Calling the operation simply a "follow-up," Mr Botha said "it would have been carried out without incident if the MPLA (Angolan forces), as in the past, had not intervened."

Western governments have reacted sharply to the South African action because it increases the likelihood of direct intervention by the 17,000 Cuban troops who have been in Angola for the past five years.

It also kills any immediate hope of a solution to the Namibia issue. The five western nations which censured South Africa make up the contact group which is seeking a peaceful way to bring independence to Namibia.

Sr Adao Rodrigues Malo, director of the Angolan department of Information, said yesterday that South Africa's action was aimed at "destabilising the process of national reconstruction and occupying part of the sovereign territory of Angola."

Post Office claim of 30% profit fall causes concern

BY GUY DE JONQUIERES

THE GOVERNMENT yesterday took the unusual step of publicly expressing concern at the Post Office's financial performance following the publication of the corporation's latest annual report which says that profits fell 30 per cent to £208.7m for the year ended March 31.

A formal Industry Department statement pointed out that British Telecom, the telecommunications side of the business which becomes a separate organisation on October 1, and Posts had both failed to meet the target return set by the Government for the year. The Post Office also exceeded its external financing limit by £25m, of which £13m was due to British Telecom.

The profit is the lowest for six years in spite of a marked improvement in British Telecom's operating results. It compares with profits of £297m in 1979-80 and £375.1m the previous year, but follows a first half loss of £46m. Exact comparisons with past years are *difficult however,* because of inadequate information in the accounts.

The report and accounts have been qualified for the second consecutive year by the Post Office's auditors, Touche Ross and Coopers and Lybrand, who said they could not vouch for the accuracy of the results on the basis of the information available.

Sir Henry Chilver, chairman, said that by the end of last year the Post Office had overcome the remaining problems stemming form a computer operators' strike two years ago. That was the major cause of the disruption in record-keeping which prompted the auditors' qualification.

The Industry Department's comments on the results are apparently intended as a reminder that it is monitoring closely the performance of nationalised industries. But the department acknowledged the recession had made conditions difficult for the Post Office last year, and the Government is is not expected to take any sanctions against it.

Contrasting comment came from the Post Office Users' National Council (POUNC), the official watchdog body, which said mail and telephone users would find it difficult to understand why the Post Office was raising its charges after making such large profits.

British Telecom's operating profit rose to £180.7m (*£129.1m*) on income of £4.6bn (£3.6bn). But the previous year's results had been increased to £236.1m by special gains of £107m from property sales. There were no *special gains last year.*

British Telecom nonetheless earned a return on net assets of only 4.4 per cent, against, *the Government's 5 per cent* target for the year, after charging £92m in additional depreciation. The extra charges stemmed from its accelerated modernisation programme.

The organisation has announced proposals to raise its tariffs by an average 9.5 per cent from November. But its chairman, Sir George Jefferson, emphasised that it was still constrained by lack of investment capital from meeting demand fully and carrying through its modernisation plan.

He again called on the Government to relax its curbs on British Telecom's borrowing powers. With the advent of freer competition in telecommunications from October, it was essential for Telecom to be able to manage its own finances.

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Poor prospects for Post Office, Page 6

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POST OFFICE RESULTS (£m)

Totals*	1980–81	1979–80
Income	6,579.7	5,193.3
Expenditure	6,369.6	5,019.5
Trading profit	210.1	174.3
Other gains†	5.9	122.2
Special banking deposits tax	7.3	—
Profit	208.7	297.0
Telecommunications		
Income	4,554.2	3,558.9
Expenditure	4,373.5	3,429.8
Trading profit	180.7	129.1
Other gains†	—	107.0
Profit	180.7	236.1
Posts		
Income	2,125.2	1,703.0
Expenditure	2,101.9	1,673.9
Trading profit	23.3	34.1
Other gains†	5.9	15.2
Profit	29.2	49.3
National Girobank		
Income	156.0	110.1
Expenditure	153.5	108.6
(*Loss*)/*profit after special tax on banking deposits*	(1.3)	9.5

* Excluding inter-business transactions.

† *Other gains result from property transactions.*

£ in New York

	Aug. 25	Previous
Spot	$1.8325-8355	$1.8420-8440
1 month	0.95-1.00 pm	0.90-0.97 pm
3 months	2.40-2.50pm	2.28-2.38 pm
12 months	6.65-6.85 pm	6.45-6.65 pm

Bonn coalition agrees £326m jobs package

BY OUR BONN CORRESPONDENT

THE WEST GERMAN Government coalition partners have agreed on a DM1.5bn (£326m) plan to help safeguard jobs, but have yet to decide how DM900m of this sum will be raised.

The accord reached yesterday goes some way to reduce friction between the Social Democrat Party and Liberal Free Democrat Party in advance of major budget discussions next week.

However, the impact on unemployment of this package alone, which is equal to about 0.1 per cent of gross national product, is unlikely to be very marked. At present, 1m people in West Germany, 4.8 per cent of the labour force, are unemployed.

The biggest single item, DM 300m, will go to boost the federal road-building programme; another DM 250m will be used to fund the purification of lakes: and DM 100m each to help promote exports and the micro-electronics sector.

About DM 600m of the DM 1.5bn additional spending will be financed through an increase in champagne tax and value added tax on printed material (excluding daily newspapers). The coalition will have to decide over the next few days where the remaining money is to come from.

The agreement between Count Otto Lamsdorff, the Economics Minister and a Free Democrat, and his social Democrat colleagues Herr Hans Matthoefer, the Finance Minister, and Herr Herbert Ehrenberg, the Labour Minister, is at least as important for internal political as economic reasons.

The Government is aiming at total savings of about DM 18bn in its 1982 budget to help cut state borrowing. It agreed on close to DM 15bn of this sum in negotiations at the end of July. However, the Social Democrats, with the strong support of the trade unions, have insisted that this savings effort be accompanied by a programme to help boost economic growth and create jobs.

While the party has proposed a supplementary levy on personal and corporate incomes for a limited period to finance such a programme, the Free Democrats have ruled out this measure, saying it would undermine the propensity to invest.

The package now emerging amounts to a compromise at a fairly low level, although it might yet be supplemented a little before the budget discussions are completed next Thursday.

Glyn Genin

Count Lambsdorff (left) and Herr Genscher . . . important political implications.

Jonathan Carr, in Bonn, profiles West Germany's energetic Foreign Minister

Genscher points his party in new direction

IN THE WEST German political arena, Herr Hans Dietrich Genscher is clearly the star acrobat. Balanced on a wobbly high wire, he can carry on several different activities simultaneously with a speed which deceives the eye and holds the audience enthralled. For a corpulent 54-year-old with a history of poor health, this is no mean achievement.

Rarely have Herr Genscher's abilities been better displayed than over the last month—a time when most politicians are usually on holiday and Bonn goes to sleep.

As Foreign Minister, Herr Genscher has constantly captured the limelight, whether preparing for the North-South conference in Mexico this autumn or talking with his U.S. counterpart on defence or his Polish colleague on credit or with the Greeks about the European Community.

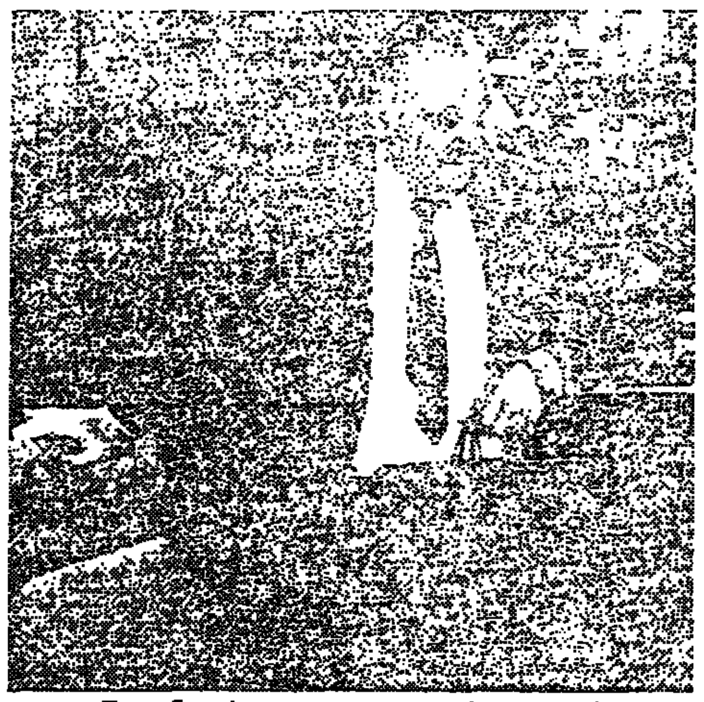
He even found time to issue a new call for a European union, urging the creation of a new EEC council for security affairs and saying that the Bonn cabinet would shortly be devoting a special session to the idea.

Many Germans must have gained the impression from all this that Herr Genscher was acting as a kind of one-man government.

True, Chancellor Helmut Schmidt gave the occasional cautious interview from his lakeside home in Schleswig Holstein. The Finance Minister, Herr Hans Matthoefer, was known to be working on plans for more budgetary savings—but was saying little about them. And the Economics Minister, Count Otto Lambsdorff, was on a working visit to the Far East.

But the publicity gained jointly by all three far from equalled that won by the Foreign Minister on his own.

It would be absurd to suggest that Herr Genscher was running West German foreign policy simply for personal publicity purposes. But there is no doubt that these activities gave him the best possible back-cloth against which to launch a major domestic political initiative, in his capacity as chairman of the Liberal Free Democrats (FDP) —the junior partner in the Bonn coalition with Herr Schmidt's Social Democrats (SDP).



Herr Genscher . . . set to make a move?.

In a remarkable statement (issued as a letter to high FDP officials— an excellent way to gain wide publicity in Bonn without appearing to be seeking it) Herr Genscher said he felt the country faced a challenge similar to that of the reconstruction after the Second World War. He firmly rejected an SPD idea that a supplementary tax be imposed for a limited period to help cut Government borrowing, but he also stressed that much more was at stake than that issue alone.

The fundamental question, he said, was whether the market economy could be preserved, competition be allowed to flourish and investment boosted to create more jobs. This could only be achieved by less state influence and expenditure, said Herr Genscher, and not by an increase in revenue.

For many, the Foreign Minister seemed to be calling into question the FDP's alliance with the SPD—which was born in 1969 and has existed under the Schmidt-Genscher leadership since 1974. He was unilaterally ruling out the supplementary tax, even before the Cabinet session on September 2 and 3 during which final budget issues are to be thrashed out. And he raised the question of whether unemployment pay should be cut—a measure over which many Social Democrats say they would prefer to go into opposition rather than accept.

Has Herr Genscher been preparing the ground for a switch of allegiance—away from the SPD and in favour of the opposition Christian Democrats (CDU)?

There was little in Herr Genscher's letter which the CDU could not support with enthusiasm. The CDU is also close to Herr Genscher on defence matters. And a recent opinion poll (leaked by the FDP) indicated that Herr Genscher might now be able to make a switch without alienating so many leftist-inclined FDP voters as to threaten the very existence of his own party.

Cumulatively, all this seems to point in favour of a break. But Herr Genscher is not only a political tactician of a very high order. He is a cautious man who would certainly not risk his future on the shaky evidence of one opinion poll.

In general elections last October, the FDP gained 10.6 per cent of the national vote—well above the crucial margin of 5 per cent which is the minimum needed in West Germany to permit parliamentary representation. But part of that FDP support came from middle-of-the-road voters who might well have supported the CDU had it not been for the latter's candidate for the chancellorship, the right-leaning and abrasive Herr Franz Josef Strauss.

Herr Strauss had his chance to win the top government office—and failed. Herr Genscher now faces the danger that some of that support for the FDP last October may flow to the CDU under its moderate leader, and probably its next chancellorship candidate, Dr Helmut Kohl.

There are four key provincial elections next year. Somehow, Herr Genscher must retain the backing of those potential drifters, without necessarily risking a switch away from the SPD. How can he do it? One promising ploy is to pursue just the kind of strategy he is now following.

This is Herr Genscher's real high wire act—and of course there is always the danger that he (and the FDP) will fall off. It also brings with it problems of political identity.

One newspaper has described Herr Genscher as "the spider at the centre of the web." Another has justly observed that "he can be identified with neither the right wing nor the left wing of the FDP." The party's youth movement once cautiously remarked that Herr Genscher "is personally disposed to a domestic reform course — but with tactical reservations." In sum, Herr Genscher is omni-present, but his personality and beliefs remain hard to define.

Hence the oft-repeated charge that Herr Genscher is simply a "brilliant opportunist." This is probably unfair. His childhood in what is now East Germany—he studied law and economics in both Halle and Leipzig—has given him a special interest in inter-German relations and a passionate loathing of totalitarianism.

He has also had tuberculosis —and by putting him in hospitals for more than three years it seems to have given him his almost incredible appetite for work, as though he is making up for lost time.

Having a punctilious lawyer's mind, it is appropriate that he has chosen a small party where tactical agility is not just the key to a few more percentage points of support but to survival itself. "I can't say I like Genscher," said a senior diplomat in Bonn the other day, "but you have to admire him. He will probably still be around when most of the others in this government have gone."

Axe falls on more W. German workforces

By Stewart Fleming in Frankfurt

A SUBSIDIARY of Volkswagen is to cut its workforce in West Germany by 25 per cent to 5,700 over the next two years.

The announcement yesterday from Triumph-Adler, which makes computer and office office equipment, is the latest in a wave of redundancy notices which has swept West German industry this week. It comes as the Government coalition parties have been arguing bitterly about measures to combat rising unemployment.

In Aachen, Vereinigte Glaswerke, a subsidiary of the French Saint-Gobain group, said yesterday that it would be cutting its workforce by 2,000 to 6,500 in the next 3½ years in order to adjust to changed conditions in the European flat-glass market. Investment, however, will be increased.

In Marl, near Dortmund, Chemische Werke Huls, is planning to cut between 1,000 and 1,500 jobs from its 14,000 workforce in an attempt to reinforce its competitive position domestically and internationally.

Another office equipment manufacturer, Kienzle Apparate, in which Mannesmann earlier this year took a 50 per cent stake, said that in the next few months it would cut its workforce of 5,000 by 300.

Earlier this year it had placed some 700 employees on short-time working and cut overtime. It said its latest decision reflected not only the shift in the office equipment market from mechanical and electro-mechanical to electronic products for data processing but also export problems. In addition it said declining prices had narrowed profit margins.

Earlier in the week Vereinigte Deutsche Metallwerke, a subsidiary of Metallgesellschaft, a major metals producer, said that it would be cutting employment levels by around 1,700 in the next two years at three plants which make aluminium and copper semi-finished products.

The announcements, and the sharp rise in unemployment in the past two months to the July level of 5.3 per cent — a further rise is expected to be reported in a few days for August — tends to confirm fears of a marked deterioration in conditions in the labour market.

Several factors account for this. One is that in the last few weeks hopes of an upswing in the economy in the second half of this year have been dashed, and economists have had to push their predictions for a turnaround in the economy forward into next year.

Even then, there are fears that continued high interest rates could have a depressing effect on the level of economic activity.

Poland's coal production sinks further

POLISH COAL production has now sunk below the level needed to attain even the minimum target figure of 185m tons for this year. Government figures released yesterday suggest Poland's economic predicament has worsened markedly recently.

Supplies of rationed meat deteriorated further in recent days as farmers took advantage of soaring prices on the free market. The prospect, according to the main Polish economic newspaper, is for a "deep crisis" in deliveries of animals for slaughter at state purchase points.

Workers at one of the country's largest factories in Poznan yesterday told Mr Stanislaw Kania, the Communist Party leader, that they could not accept the fourfold rise in some cereal prices next Monday along with a doubling of bread prices. The misgivings were voiced after Mr Kania laid a wreath at the Cegielski Marine engine plant under a plaque making the Poznan workers' uprising in June 1956 over the price of bread.

The price rises will take effect on the first anniversary of the signing of the Gdansk and Szczecin agreements which ended the strikes there last year. The news service of the Solidarity union movement reported growing opposition to higher bread and cereal prices and demands by workers for more compensation than the Government proposes.

Mr Kania told the Cegielski workers the economy is largely dependent on imports which are limited by "our financial possibilities." He pointed out that all goods must be imported on credit and "thus the vicious circle closes." He appealed to workers in those factories not affected by raw materials' shortages to work six days a week—"There is no other way out."

The economics newspaper, Zycie Gospodarcze, reported that food stocks fell 43 per cent in the first six months of the year aginst the same period in 1980. Coal reserves were 63 per cent down which is expected to lead to a big drop in steel production this year.

Poland's terms of trade also worsened, the newspaper said. In the first half of the year, exports dropped 23 per cent in constant prices while imports fell 15.5 per cent, including a 25 per cent decline in imports from the West.

Unemployment rate at record in EEC

BRUSSELS — Unemployment in the European Community, excluding Greece, increased by 400,000 in July to 8.9m, giving a record rate of 8.1 per cent, the EEC's statistical office said yesterday.

It attributed the surge in part to the high number of students unable to find summer jobs. Young people under 25 years old account for about half the unemployed in Italy, Luxembourg and the Netherlands and 40 per cent in France and Belgium.

In seasonally adjusted terms, the office said, the labour market has been deteriorating steadily, with unemployment rises of more than 2 per cent in each of the past three months.

Last month, it rose 5.2 per cent in a month and 33 per cent from a year earlier. This compares with increases of 1.9 per cent and 34 per cent respectively in June, for a jobless rate in that month of 7.6 per cent—the highest summer level ever reached.

Some officials have forecast the total number out of work will exceed 3m this year.

Unemployment grew most sharply last month in Belgium (by 14.5 per cent), Luxembourg (12.2 per cent), West Germany (10.7 per cent), and the Netherland (10.1 per cent). It rose at a more moderate pace in Britain (6.4 per cent) and France (3.4 per cent). It was up only 0.7 per cent in Denmark and actually declined by 0.5 per cent in Italy. In Greece, unemployment fell by 2.7 per cent. AP-DJ.

Italy forest fires show up poor emergency services

BY RUPERT CORNWELL IN ROME

THIS WEEK'S devastating forest fires at the Tuscan holiday centre of Monte Argentario —which were still not fully under control yesterday afternoon, 48 hours after they had started—have once again underlined the shortcomings of Italy's civil defence and environmental protection services.

Every year, it is reckoned that at least 1 per cent of the fifth eof the country which is under forest or wood is destroyed by fires. In most cases these are of criminal origin. The damage frequently is permanent, as erosion removes a thin topcrust of soil.

It was still not clear yesterday how much of the Argentario promontory, which boast the smart resorts of Porto Ercole and Porto Santo Stefano, has been ravaged. No lives have been lost, but at least 1,300 hectares, and possibly as much as 60-70 per cent of the Argentario's land, 75 miles north of Rome, is in ashes.

What is certain is that the means to tackle such a regular summer emergency here are far too few. Only one properly equipped Lockheed C-130 tanker aircraft, based at Pisa, was available to help out at Monte Argentario. Some of the land ablaze was so remote as to be inaccessible to the hudnreds of firemen, police and troops drafted in.

The suspicion is widespread that the Argentario fire, as well as similar ones this week in Liguria, elsewhere in Tuscany and in the Naples Bay island of Ischia, were started deliberately.

Turkish editor for trial

By Metin Munir in Ankara

THE EDITOR of the Turkish weekly news magazine Arayis (Search), Mr Nabit Duru, is to go on trial at a military court on charges of "criticising the military régime and provoking old political hostilities."

The magazine was founded by Mr Bulent Ecevit, the former Prime Minister. But he severed his ties with it last June following an edict by General Kenan Evren, the head of state, and the National Security Council which was intended at stifling all public criticism of the régime.

The edict banned former MPs and members of political parties from making statements, publishing articles or holding meetings "on Turkey's past or future political and legal structure."

Mr Duru took over the editorship from Mr Ecevit and the charges against him arise from an article defending Mr Ecevit. It said that, while he had been silenced, those who spoke against him publicly seemed to enjoy freedom of speech.

This is the second charge to be brought against Mr Duru. He is to go on trial at a military tribunal on September 10 accused of inciting the public to revolt against the established order in an article published in Arayis. He faces up to two years in prison.

IPI protest over journalist

THE International Press Institute yesterday sent telegram to Mr Bulent Ulusu, the Turkish Prime Minister, protesting the charges being laid against Mr Metin Munir, the correspondent in Ankara of the BBC and the Financial Times; our Foreign Staff writes. "As far as we are aware this would be the first time in recent Turkish history that a foreign correspondent was harassed and persecuted in this way," Mr Peter Galliner, director of the IPI wrote.

France consigns guillotine to the museum

BY DAVID WHITE IN PARIS

THE GUILLOTINE has just three weeks to go before becoming a museum-piece. The French Government's programme, announced yesterday, will ensure that capital punishment is wiped off the law books by then and that the seven men now in French death cells will not be executed.

Despite the campaigns of such figures as Albert Camus, or Victor Hugo a century before him, France has kept its guillotine oiled. It is one of the last European countries still to have a death penalty in law, and the last, apart from Turkey, to have one in practice.

The parliamentary debate is set for September 17 and 18, just under four years since the 32-kilo blade fell for the last time on the neck of Hamida Djnoudoubi, a North African immigrant worker condemned for killing a child.

The law will simply abolish the death sentence and replace it, for the 200-odd crimes which have hitherto justified it, with life imprisonment. The law is certain to be passed. Socialists and Communists, who have an overwhelming majority, have up to now taken a united stance against the guillotine and can count on a number of opposition votes.

M Robert Badinter, the Justice Minister who will table the Bill, made a name for himself as a barrister through his fervent opposition to the death penalty. The last five men whose sentences were remitted in the appeal courts were all defended by him.

Since 1950, 130 people have been sentenced to death in France and 61 actually guillotined. President Georges Pompidou was against it and President Valery Giscard d'Estaing had a "profound aversion" to it. But each refused pardons in three cases.

For more than a year, during the last Government, there was nobody on death row. But sentences have built up since. Three were condemned for murder in the weeks following President Francois Mitterrand's election—as if in defiance of his stance on the issue.

In a television programme during the election campaign, M Mitterrand recognised that he was going against what opinion polls showed to be the majority French view. "I have the disposition of a man," he stated simply, "who would not go ahead with executions."

On May 25 he reprieved Philippe Maurice, the killer of a policeman, who last year became the first person for 17 years to be sentenced to death by a Paris court.

M Badinter said yesterday that a referendum on the guillotine was out of the question. The issue had been decided by the elections.

Since 1789, the year Dr Guillotin proposed a "democratic" machine to replace the old system of decapitation for the rich and hanging for the poor, there have been 10 parliamentary debates on abolition —all unsuccessful—but none for the past 70 years.

An abolition motion might well have been carried by the previous National Assembly if a free vote had been held, as it was on the legalisation of abortion. But unlike abortion, abolition was manifestly unpopular and the Government managed to put off a full debate and to circumvent a cunning opposition move which would have cut off funds for the executioner.

Abolition will save the annual budget FFr 185,000 (£16,800) a year—the cost of the executioner's regular monthly wage, his availability bonus and upkeep of the machine. M Marcel Chevalier is the last of a family line: he got the job after marrying his predecessor's niece. He has had the job for five years and carried out just two executions. At 60, he was due for retirement anyway.

NUCLEAR FUEL DELIVERY HELD UP

DEMONSTRATORS yesterday held up a wagon carrying irradiated nuclear fuel on its way from West Germany to the French reprocessing centre at La Hague near Cherbourg, writes David White in Paris.

A delegation was due to hold talks at the office of M Pierre Mauroy, the Prime Minister, last night in order to resolve what a Government spokesman described as a "misunderstanding" about its policy on shipments.

Protesters, reported to number between 50 and 100, blocked the railway wagon in a Normandy marshalling yard. They said the shipment had entered France from West Germany on August 20 and that this was contrary to the Government's pledge, made in anticipation of a "great national debate" on the nuclear industry in October.

Three weeks ago, demonstrators attempted to stop a shipload of irradiated fuel from Japan from being off-loaded at Cherbourg.

Portuguese earnings fall likely

By Diana Smith in Lisbon

PORTUGAL'S visible and invisible earnings will decline this year because of the recession in Europe, according to a bleak report released by the Finance Ministry's Institute of Analysis and Planning Studies. More than 70 per cent of Portugal's trade is done with the European Community.

Earlier this year, trade authorities forecast that exports of goods would grow by up to 3.8 per cent this year. The Finance Ministry now claims exports to the key markets of France, West Germany, Britain and Italy will drop by 3-5.6 per cent.

Meanwhile, emigrants' remittances, a vital source of invisible earnings, which brought in $3bn (£1.6bn in 1980) and tourism, which accounted for a net revenue of $853m last year, are growing sluggishly.

The growth of remittances slowed from 46.9 per cent in 1979, to 18.9 per cent last year, and is expected to dwindle more sharply this year as Europe's economic problems hit the 1m Portuguese who live and work in the Community.

Krone devalued in Iceland

By Our Foreign Staff

ICELAND HAS devalued the krone by 4.76 per cent across the board. The central bank said yesterday the move was necessary to protect the country's exports which had suffered as a result of the rise in the value of the U.S. dollar.

The krone has been pegged to a basket of some 18 currencies since it was devalued by 3.5 per cent against the dollar in February. Before then its value was linked directly to the dollar.

Consumer prices are expected to increase by about 50 per cent this year.

Soviet Union to extend railway line in Siberia

BY OUR MOSCOW CORRESPONDENT

THE SOVIET UNION is believed to have decided to proceed with plans to add a 600-mile northern spur to the Baikal-Amur railway to facilitate the exploitation of rich mineral deposits in the Yakutia region of northern Siberia.

The project, which will cross some of the most inhospitable terrain in the north, will add at least another six years to the construction schedule for the Baikal-Amur line.

The main line of the BAM line, as it known by its initials in Russian, is behind schedule and is now due for completion in 1984 at a cost of more than Roubles 10bn (£7bn).

Yakutia is estimated to possess reserves of tens of billions of tonnes of coal, plus large deposits of iron ore and bauxite, and vast stands of commercial-quality timber. The region has been accessible to ore-haulers only by river, which are navigable for no more than 12 weeks a year.

The decision to go ahead with the northern BAM route, which was reported by Radio Moscow, represents formal approval of a project that has been under consideration for some time.

Wine experts fail to heal Paris-Rome rift

BY LARRY KLINGER IN BRUSSELS

A SPECIAL session of the EEC's committee of wine experts failed to resolve the Italian-French wine dispute yesterday.

France again refused to bow to European Commission requests to free Italian cargoes held by customs officials in the port of Sete. This raises the prospect of further protests by Italian farmers to force their Government to take retaliatory measures.

The Commission yesterday conceded that France was legally justified to demand further documentation before accepting the wine, but clearly still regarded its action as outside the spirit of EEC law, which provides for the free movement of agricultural produce within the Community.

Italy has pledged to provide the extra customs documentation and the French have indicated that they may seek a bilateral arrangement with Italy to end the dispute.

The "wine war" broke out earlier this month when French farmers poured diesel fuel into a cargo of Sicilian wine at Sete, prompting the French to hold up further consignments—now involving five ships carrying Italian wine.

Italian farmers have meanwhile stepped up their campaign urging the Rome Government to take retaliatory measures against imports of French dairy products and meat.

There have been reports from southern Italy of wine-growers dumping lorry-loads of grapes in the streets, and the authorities in Marsala have called a 24-hour strike for September 5.

The only action taken on the issue yesterday by the Ten's wine management committee was to approve next year's normal subsidised distillation of surplus wine into industrial alcohol.

East battered by typhoons

BY OUR MOSCOW CORRESPONDENT

THE SOVIET UNION yesterday reported that the latest bout of storms in north Asia caused more extensive damage in the Far East around Khabarovsk, which was devastated less than a month ago by typhoon rains and flooding.

Another typhoon last week, the eleventh of the summer, swelled the Amur river once again and destroyed many railway lines that had been repaired from earlier flood damage, said the national newspaper Trud. The report contained no mention of human casualties.

Trud said this year's rainfall in the Khabarovsk region, which is north of Japan, at the eastern terminus of the trans-Siberian railway, was the highest in memory. It noted that 776mm of rain was recorded during the past three months—more than 1½ times as much as during all of 1951 itself, a record rainfall year.

Fifteen-foot waves swept across the Sea of Okhotsk during the storm, which battered the Khabarovsk region for three days, and at least one ship was reported lost.

Since July 19, there has not been more than three days without heavy rainfall, Trud said, reporting many towns and villages were still threatened with inundation. No financial estimate of the damage was given.

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India may win Foxbat fighter technology

BY K. K. SHARMA IN NEW DELHI

INDIA'S surprise announcement that the first of the sophisticated MiG-25 (Foxbat) fighters obtained from the Soviet Union have become operational, means that the Indian Air Force now has potentially the biggest strike force in Asia.

Talks on acquiring the Mig-25 and the MiG-27 started some months ago, and are thought to have speeded up when it was announced in mid-June that the U.S. would supply F-16 aircraft to Pakistan. India is the first country to be supplied with the MiG-25.

The fact that MiG-25s are on active service, presumably along the Indo-Pakistan border, suggests that the Indian Government acted swiftly to meet the threat from the F-16, the first of which is unlikely to be delivered to Pakistan before 1983.

If the pattern of recent Indian purchases is followed, India will now acquire the technology to manufacture the MiG-25 and the MiG-27, when the arrangements on the latter's supply are completed. The Government's policy is to buy sophisticated defence equipment only if the seller is also willing to transfer the technology involved.

Athough the total number of MiG-25s being supplied and their price has not been disclosed, the purchase will mean not only further dependence on Moscow for arms, but will inevitably sharply raise defence spending and the yawning budget deficit. This will not please the International Monetary Fund with whom negotiations on a $5.65bn loan are at a delicate stage.

The Government is obviously determined to maintain air superiority over Pakistan at all costs. Manufacture of the MiG-25 will not pose any problem since India already has three factories which make the MiG-21 and its successor, the Mig-21-Bis.

India is currently holding talks with France on acquiring the Mirage 2000, the "futuristic" aircraft which is *still in the prototype stage*. The talks are expected to be completed soon although neither country will say how far they have advanced. The French Foreign Minister, M Claude Cheysson, discussed the deal with Mrs Gandhi, the Indian Prime Minister, and Mr Shivraj Patil, the Defence Minister, earlier this week during a two-day visit.

Trevor Humphries

Mrs Gandhi . . . quick to react to Pakistan deal.

India already has the Jaguar, supplied by British Aerospace, but that contract is to be curtailed: Only 85 of the aircraft will be either bought outright or imported in kit form for assembly at Bangalore. Plans for the manufacture of another 120 are to be cancelled so that the Mirage 2000 can be pressed into service instead.

Since manufacture of the Mirage 2000 will take some years, the Jaguar will act as a stand-in while the MiG 25s and 27s will supplement the French aircraft during the 1980s and 1990s.

The Indian Air Force has a number of other aircraft, including the HF-24, designed by the Government-owned Hindustan Aeronautics.

Hindustan Aeronautics is also preparing to design probably with foreign collaboration (British Aerospace is making a bid) an aircraft which will meet the deep pentration needs of the Air Force.

S. African police hold 800 more squatters

By Bernard Simon in Johannesburg

SOUTH AFRICAN police arrested about 800 former residents of the Nyanga squatter camp yesterday in a pre-dawn raid on the church grounds where they had been sheltering since the camp was demolished last week.

Those detained yesterday evaded arrest last week, when more than 1,000 former squatters were arrested and deported to the Transkei tribal "homeland." A police officer said that the detainees and their possessions had been taken to a nearby prison for "screening" and "sorting out."

It is likely that those who are in the Cape Town area in contravention of influx control regulations, will also be deported.

Meanwhile, large numbers of the squatters who arrived in the Transkei last weekend have apparently begun making their way back to the Cape Peninsula. Many have been arrested at police roadblocks which appear to have been set up on major routes

The Minister of Foreign Affairs, Mr R. F. Botha, yesterday defended the Government's action against the squatters. He said in a statement that "it is generally known that there are simply no employment opportunities for additional workers in the vicinity of Cape Town." He was reacting to threats by the Transkei Government to send some of the squatters back to Cape Town.

In Parliament, the Prime Minister, Mr P. W. Botha, said that he stood by his recent remarks that the government's policy of "self-determination" for whites in South Africa meant white domination of other racial groups. Mr Botha once again failed to give any detailed indication of the Government's future course of race issues.

He announced that he had arranged to meet South African business leaders in November as a follow-up to a Johannesburg conference in November 1979 which was convened to promote closer co-operation between business and government. Many businessmen have expressed disappointment at the lack of progress in implementing race policy reforms since then.

Palestine autonomy talks to resume next month

BY ALAN MACKIE AND ANTHONY McDERMOTT IN ALEXAND RIA

PRESIDENT ANWAR SADAT of Egypt and Israeli Premier Menahem Begin announced their agreement yesterday in Alexandria to restart the Palestinian autonomy talks

At a joint Press conference ending two days of talks, Mr Begin said the negotiations would be held on September 23 and 24 in Cairo, after Mr Begin has met U.S. President Ronald Reagan in Washington on September 8.

Despite the evident cordiality of the meeting — the decision to renew the talks was taken soon after the two leaders met on Tuesday — it was clear that their position on a number of key issues remained unchanged.

For example, the question of Israel's annexation of East Jerusalem, a prime reason for Mr Sadat's decision to break off the talks last year, was not brought up. The clear impression that both men gave was their determination to keep the process of the Camp David accords and the peace treaty alive.

To this end, Mr Sadat seemed to back off from the position he held in his recent visits to Britain and the U.S. that Israel should talk to the Palestine Liberation Organisation (PLO).

"I do not consider the PLO to be the sole representative of the Palestinians," he said.

In answer, Mr Begin cited a series of examples in which the PLO called for the destruction of Israel. He said it was "possible and necessary to reach an agreement without an organisation called the PLO."

One bone of contention was the slow rate of normalisation of relations in the fields of culture, agricultural co-operation, trade and propaganda. Mr Sadat gave instructions to Kamal Hasan Ali, his Foreign Minister, to deal with a number of complaints.

The Israelis are concerned that the return of the rest of Sinai in April next year will leave them without a bargaining counter in the implementation of outstanding agreements Mr Sadat gave a categorical assurance that normalisation was not "tactical move here and there but a full strategic agreement. Strategy means continuance."

Mr Begin (left) and Mr Sadat confer in Alexandria.

Mr Begin was due to return to Israel yesterday afternoon, but Mr Ariel Sharon, his Defence Minister, is to stay on in Alexandria an extra day, heading a delegation to discuss with Kamal Hasan Ali normalisation and the political and military aspects of Israel's final withdrawal from Sinai.

Malaysia reduces oil production by 18%

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA has reduced its oil production by about 18 per cent, and cut its price by about 11 per cent since January because of the glut in world markets.

Current output is about 230,000 barrels a day (b/d) compared with 270,000 b/d in January, while its oil price is now averaging just over $37 a barrel, compared with over $41 at the start of the year.

Mr Rastam Hadi, managing director of Petronas, the Malaysian national oil company, acknowledged that Malaysia was under strong pressure on prices, but denied it was having difficulty selling its oil. Most of its customers, he pointed out, were small clients.

Mr Rastam felt the glut was only temporary, and it would not slow down Malaysia's oil investments. Petronas plans to spend $215m this year on oil exploration and $1.1bn on development and production.

He said Petronas was delaying the development of a petrochemical industry, as it would be preoccupied in the next two years with getting the Bintulu liquid natural gas project on stream, buildiɲg the Asean urea factory, and in exploration.

African leaders produce Sahara formula

NAIROBI—African leaders took the Western Sahara war a small step towards a peaceful solution yesterday with a plan for ceasefire and referendum.

The seven-nation Organisation of African Unity (OAU) special committee on the Western Sahara announced the plan at dawn after all-night talks.

Committee members, including five presidents, conferred against a background of fresh fighting between Moroccan troops and Polisario Front guerrillas seeking thei ndependence of the former Spanish colony.

Reuter

Australian sales tax plan to be rejected in Senate

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Democrats, the minority centre party which since July 1 has held the balance of power in the Senate, has decided to reject part of the Government's Budget brought down last week. The Senate has equal power with the lower house.

The Democrats will join the Opposition Labor Party in refusing to pass the Government's proposed 2.5 per cent sales tax on goods where it relates to food, shelter, clothing and education. The Labor Party is opposed to the entire sales tax proposal, which was introduced by the Government on almost all goods except certain foods and wine.

The Democrats said last night that they would return the sales tax legislation relating to "necessities of life" to the House of Representatives for reconsideration.

The move will be an irritation to the ruling Liberal-National Country Party Government and indicates that the Democrats are prepared to use their power.

Arab sympathy turns from Khomeini to Bani-Sadr

BY IHSAN HIJAZI IN BEIRUT

ARAB disillusionment with the Iranian revolution under Ayatollah Ruhollah Khomeini is growing and sympathy is now turning to Opposition leaders, notably deposed President Abolhassan Bani-Sadr and Mr Masoud Rajavi, the head of the radical People's Mojahedin group, both now living in Paris.

The Arab media now highlights anti-Khomeini declarations by Mr Bani-Sadr, Mr Rajavi and other Iranian exiled leaders trying to bring down the clerical regime in Tehran.

Beirut's daily Left-wing newspaper As Safir, once a great admirer of Khomeini, this week devoted almost an entire page to printing the text of a charter for the creation of a national resistance movement against Khomeini. This was the first time the charter, laid down by Mr Bani-Sadr and Mr Rajavi, was published abroad, according to the newspaper.

The disclosure that Iran has reportedly been receiving spare parts from Israel for its U.S.-made weapons has heightened Arab dismay, especially since Mr Bani-Sadr told an American television network that the purchases from Israel were sanctioned by Khomeini.

Iraq has sent special envoys to 32 Arab and Moslem countries to impress on them Baghdad's belief that an Iranian-Israeli alliance which existed under the Shah was continuing under Khomeini.

Two Kuwaiti newspapers, As Siyassah and Al Anba, this week sharply criticised the Iranian Government over the reported Israeli deliveries.

The new Iranian Prime Minister, Mohammed Bahonar has apologised publicly because the Iranian revolution had not, as he put it, helped the Palestinians in their struggle against Israel. He promised Iranian assistance as soon as the war between Iraq and Iran had come to an end.

There has been persistent speculation about a strain in relations between the Iranian Government and the Palestine Liberation Organisation.

Libyan leader Col. Muammer Gadaffi, a staunch supporter of the Iranian revolution, has been seeking an improvement in his relations with Iraq. He has assured Baghdad of Libya's neutrality in the Gulf War. To observers, this suggested Libya may be ready to stop sending weapons to the Iranians.

Sharp fall in U.S. productivity rate

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE RATE of increase in U.S. productivity dropped sharply in the second quarter of the year, the Department of Labour reported yesterday.

Productivity in non-financial corporations increased at an annual rate of only 0.9 per cent, against 6.3 per cent in the booming first quarter. But it was still running at 3.4 points higher than in the second quarter of 1980.

The second quarter figure reflected a 1.3 per cent decline in output and a 2.2 per cent decrease in hours worked—fresh evidence of the extent of the slowdown in the second quarter.

Last week, the Administration announced revised figures showing that real gross national product actually fell at an annual rate of 2.4 per cent in the second quarter, compared to an initial estimate of 1.9 per cent.

The contrast with the first quarter was sharp. The first quarter productivity figures were based on a gain in output of 11.5 per cent and a 4.5 per cent increase in hours worked, at seasonally-adjusted annual rates, the Labour Department said.

Unit labour costs increased by 8.3 per cent in the second quarter, against 4.8 per cent in the first quarter. Unit profits fell at a 19.4 per cent annual rate compared with a 77.9 per cent gain in the first quarter—the first drop in unit profits since the second quarter of 1980, the department said.

Hourly compensation rose by 9.2 per cent, or a real 2.1 per cent after adjustment for inflation.

The sector covered includes all corporations doing business in the U.S. except banks, stock and commodity brokers, and finance and insurance companies.

Camera hitch fails to mar Voyager's mission

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.S. Voyager 2 spacecraft's "fly-past" of the planet Saturn, which was completed yesterday, is regarded as a major success despite some mechanical troubles believed to have been caused by a collision with particles in Saturn's rings — bands of ice and rock surrounding the planet.

The spacecraft, which began sending back "superb" colour pictures of the planet from the early hours of yesterday morning, has now passed through the rings.

But the platform carrying the cameras appears to have been struck by particles, preventing them from taking the high-resolution pictures of the ring structure that scientists wanted.

The project spokesman at the National Aeronautics and Space Administration's Jet Propulsion Laboratory at Pasadena, California, Mr Alan Wood, said "*we know at least it was not* a strong hit, if there was a hit. We got the radio signal back perfectly on time," once Voyager had passed behind Saturn and re-emerged. But the camera platform was pointing at the wrong angle.

"We cannot point the cameras at the proper targets," said Mr Wood. "The other instruments are working."

Up till the time of the hitch, the entire Voyager 2 Saturn encounter had proceeded perfectly. "I think it is the most flawless, perfect encounter I have even been through, and I have been through a lot of them," said the project manager, Mr Esker Davis.

After travelling across nearly 1.5bn miles of space, since it left Earth on August 20, 1977, the Voyager 2 arrived at its target just 3.1 seconds early.

Many thousands of the anticipated close-up pictures of the planet were received perfectly as the spacecraft approached Saturn, together with many thousands of items of other information from the spacecarft's instruments.

The photographs revealed storms over the planet's coluded surface, with winds estimated at up to 1,000 mph. Other pictures showed close-ups of some of Saturn's moons.

Some of the most significant pictures of the "ring-plane" of Saturn, however, may have been lost as a result of the incident that upset the camera platform as the spacecraft moved through the rings.

This was always regarded by the spacecraft programme managers as a major hazard although an earlier spacecraft, Pioneer II, followed the same route safely in 1979.

Nevertheless, enough information has been obtained in the 5½ hours of the Saturn fly-past —at a speed of about 54,000 mph and about 63,000 miles above the planet's cloudy surface—to give analytical work for years to the scientists in scores of university and other academic institutions world-wide participating in the Voyager 2 programme.

The spacecraft itself is now speeding on beyond Saturn, on a five-year journey to the planet Uranus, never yet seen in close-up, where it will arrive in January, 1986. Thereafter, it will move on to an encounter with Neptune, in August, 1989, before passing out of the Solar System into the Universe. But unless the Earth-bound scientists can find ways of commanding the camera platform to work properly, the long hoped-for pictures of those two planets may never materialise, although all the other instruments will be working.

● Presidential space counsellor Edwin Meese III, at the Jet Propulsion Laboratory for a private briefing, said yesterday: "The President has indicated he is very much interested in continuing our space exploration and our space transportation system particularly.

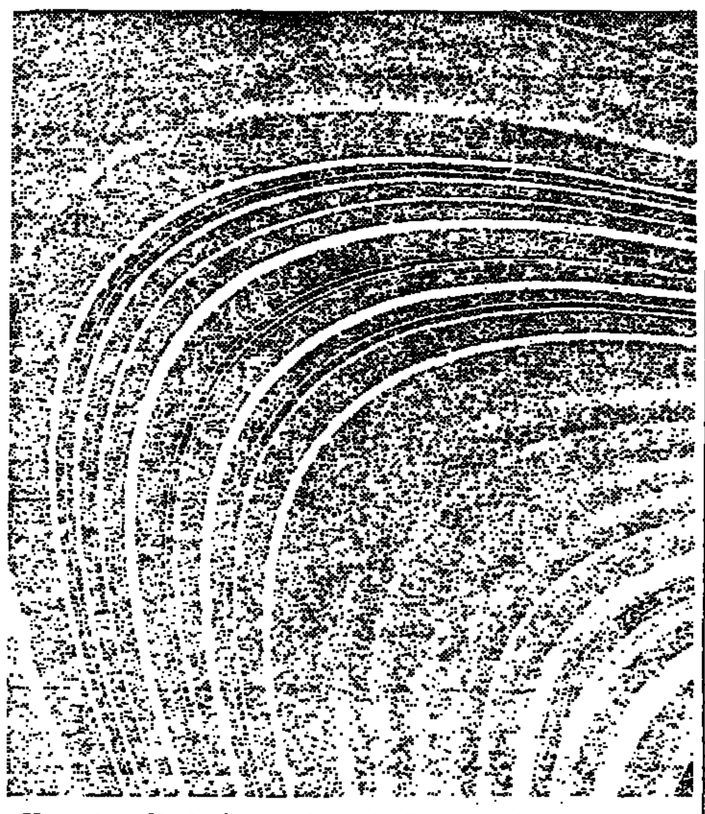
"I think you'll find it a very receptive Administration as far as space exploration and development are concerned, but obviously within budget constraints."

Space Shuttle astronauts Joe Engle and Dick Truly have completed a mock launch and reentry of the earth in perparation for the second Space Shuttle launch from Cape Canaveral, due on September 30.

A possible delay of a few days for the second mission is not being discounted by mission officials, in view of several minor delays in checking out the complex systems of the Shuttle Orbiter vehicle, Columbia.

● The Soviet Union confirmed yesterday that one of its satellites, *Cosmos 434, burned up on* re-entering the atmosphere over Western Australia earlier this week, but denied that it was nuclear powered or that any debris had hit the ground.

Earlier, eye-witnesses in the north-western part of Western Australia claimed to have seen burning material hitting the ground. A Soviet Foreign Ministry spokesman said that Cosmos 434, launched 10 years ago as part of the Soviet lunar research programme, had entered the atmosphere over Australia early on Sunday and had burned up as planned.



More than 60 ringlets of Saturn's C and B rings, compiled from three separate images taken on Sunday when Voyager 2 was 1.7m miles from the planet.

Victor Mackie writes from Ottawa on a Canadian conflict of interest

Mounties told to drop 'dirty tricks'

CANADA'S world famous federal police force, the red-coated Mounties, are to be released from a conflict of interest which involved them in a series of "dirty tricks" while spying on separatist terrorists in Quebec and other real or supposed subversive elements.

Though the Royal Canadian Mounted Police (RCMP) initially resisted suggestions that its national security operation should be hived off from normal policing, Mr R. H. Simmonds, its Commissioner, has now *accepted the proposal* which has been adopted by both a Royal Commission and by Mr. Robert Kaplan, the Solicitor General.

The Royal Commission was set up after there had been an outcry against methods used by the RCMP's national security section, which accounts for about 1,900 members of a total force of about 20,000 Mounties.

The Commission found that the security arm had been guilty of "institutionalised lawbreaking." The heart of the *problem is seen to have been* that the RCMP, as a police force has to be independent, whereas *the security branch inevitably* has to be under close government direction.

The Mounties first got into trouble when terrorism flared in Quebec in the late 1960s and early 1970s, sparked by a desire for separatism. When a Quebec minister was murdered and a British diplomat kidnapped, senior RCMP officers were given a severe dressing down for having failed to alert the Government in advance to the menace of the Front de Liberation de Quebec.

The secret service section embarked on an intensive drive to gain more information, including a number of "dirty tricks" as they were labelled. These included the burning of a barn to disrupt a meeting of the FLQ, break-ins to obtain evidence and plant bugs, opening private mail, unauthorised use of income-tax and unemployment insurance records, threats and the theft of documents.

Other activities which the Royal Commission said were "beyond the mandate" of the force included spying on the *separatist Parti Quebecois*, or a left-wing faction of the New Democratic Party—the so-called Waffle group—and even on the former Premier of Quebec, Mr Robert Bourassa.

The security service also spied on the Liberal Party of Canada and individual members of parliament and ministers. It obtained details of secret Liberal caucus meetings and information about the marital problems of two unnamed Cabinet Ministers.

The revelations about the "dirty tricks squad" of the Mounties shook the reputation of the RCMP in Canada. But later public opinion polls showed that the average Canadian still held it in high regard, tending to blame not *the Mounties, but bungling* by senior political leaders.

The Prime Minister and his Cabinet in December 1970 were reportedly advised by a written memo that the RCMP had been doing "illegal things" for 20 years, the Royal Commission *found. But the commission* — and the Federal Government — also said that many practices now *illegal should be* — and will be — legalised, though under certain controls.

The Government promptly accepted the key recommendations that Canada's internal security operations be removed from the RCMP and placed under a new "security intelligence agency" with civilian control.

The Commission proposed a control mechanism over the new civilian agency to include a parliamentary committee on security and intelligence and an advisory council on security and intelligence, with members drawn from the Canadian community at large.

Mr. Kaplan said legislation would be introduced next spring to put the changes into effect.

The commission recommended *nothing to limit the effective*ness of the proposed new security service. It would be able to open mail, to conduct surreptitious entries, to carry out physical surveillance, to use undercover agents and to obtain access to all the Federal Government's *information on* individuals except census data.

U.S. and Japan in Medfly debate

By Our U.S. Editor

JAPAN and the U.S. have failed to settle their differences over the plague of the Mediterranean fruit fly, now threatening to invade further areas of California.

After five days of negotiations in Tokyo on measures to *prevent the fly reaching Japan*, the two sides disagreed about the severity of the restrictions necessary on exports of California fruit and vegetables.

Japan is by far the largest of California's foreign customers, buying about $150m-worth (£82m) of produce a year.

The main disagreement is over how restrictions should apply to produce from uninfested areas of the state and fruit not vulnerable to the fly. Negotiations are to resume within the next two weeks in Hawaii.

Fears of a fresh outbreak grew yesterday after five flies were found in a trap near Los Angeles, 300 miles south of the main infested area. Authorities were trying to gauge the seriousness of the new threat *to southern California*.

Some 2,500 square miles of northern California have now been placed in quarantine and are the target of intensive aerial spraying.

Loan groups plan to enter stockbroking

By Ian Hargreaves in New York

TWO U.S. savings and loan associations, whose main business is lending to home buyers, plan to enter the stockbroking business.

If approved by regulatory authorities, the proposal would break down another barrier in U.S. law designed to divide the financial industries into compartments.

*The idea has been put for*ward by Coast Federal Savings and Loan of Sarasota, Florida, and Perpetual American Federal Savings and Loan of Washington DC.

The associations say that their interpretation of U.S. law *leads them to believe* that they could act as agents for their clients investments in the securities markets, although they accept that they are prohibited from actually underwriting security issues, as investment banks do.

The proposal is one of the more way-out ideas proposed recently in the efforts by financial institutions to break out of their legal straightjackets, and would seem to have little chance of success.

But the savings and loan associations have one strong argument in their favour in that tight federal restrictions on their ability to lend at floating rates or to take deposits outside strict interest rates parameters — these restrictions are gradually being lifted—is considered the main reason why so many associations have plunged into financial crisis during the volatile interest rates of the last two years.

Anything which offers the possibility of profitable opportunities in the future for savings and loans could, therefore, receive a sympathetic hearing.

'No hurry for merger curbs'

WASHINGTON — Mr. William Baxter, the U.S. Assistant Attorney General, said the large number of corporate mergers this year was not in itself a cause for change in the Justice Department's anti-trust enforcement.

Mr Baxter said the Reagan Administration's review of merger guidelines would not be completed before the end of this year

Mr Baxter was testifying before the House judiciary sub*committee on monopolies.*

Agencies

Britain becomes Spain's biggest foreign investor

BY ROBERT GRAHAM IN MADRID

BRITAIN HAS emerged as the biggest foreign investor in Spain during the first half of the current year. Direct UK investment worth Pta 6.8bn (£37m) accounted for 21 per cent of the total, according to figures released by the *Commerce Ministry.*

This large British share of foreign investment in Spain is due to the purchase in February by Barclays of Banco de Valladolid. The Barclays investment was worth some Pta 5bn (£27m), two-thirds of the total British funds. Traditionally Britain has been in about fifth place in the investment league that has been headed by the U.S.

The Ministry figures only represent direct investment and they give little indication of the real origin of the funds. Of the Pta 32bn (£175m) invested in the first half of 1981, over a quarter came from Luxembourg, Liechtenstein and Switerland.

Overall investment is 5 per cent down on the same period last year.

However, the number of investments authorised is up 23 per cent to 353. The drop is explained by the presence in the past three years of substantial capital investments in the automotive sector which *have halted or slowed down in* 1981. This time last year this sector absorbed 29 per cent of all foreign direct investment. Now it is down to 14 per cent while investments in banking and financial services have risen from 3 per cent to 21 per cent of the total.

These figures exclude investments made on the Spanish stock exchanges.

During the year so far foreign investors have been extremely active and have been one of the reasons for a sharp rise in the indexes of the four exchanges. According to the Madrid Stock Exchange, foreign investment was worth Pta 2.9bn (£15.8m) in the second quarter of the year. During this period share purchases by foreign institutions accounted for 12 per cent of the total. They were also active in selling, offloading Pta 965m worth of shares. The principal shares bought by foreign investors have been those of the banks and the utilities.

● Dow Chemical Iberica SA *and Enpetrol have come to* an agreement by which Dow will acquire one of Enpetrol's two ethylene crackers already installed and in operation in La Pobla de Mafumet in the province of Tarragona, Spain.

This will help Dow maintain its competitiveness when Spain integrates into the EEC. Dow currently produces polystyrene and high and low density polyethylene in Spain so the acquisition represents a backwards integration for the operation.

While the price was not disclosed, Dow said it will have to invest over Pta 10bn to modify the cracker for its specific needs as well as to expand its capacity. Dow's total investment for the project will be maintained within the originally foreseen figure of Pta 49bn.

Japanese mission to visit EEC

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPANESE businessmen and bureaucrats, headed by the president of the country's most powerful business federation, will visit the EEC in October in an attempt to set Japan-EEC relations on a more positive course.

The leader of the mission will be Mr Yoshihiro Inayama, president of Keidarren and chairman of the Nippon Steel Corporation.

Mr Inayama, who played a leading part in settling disputes over steel exports between Japan and the U.S. is an advocate of "voluntary restraint" but is not expected to promise any dramatic reversal of the Japan-EEC trade imbalance.

The Inayama mission was proposed originally as one of several measures to improve Japan's relation with Europe after Prime Minister Zenko Suzuki's tour of European capitals last June.

Among topics likely to be taken up by the mission are technology exchange, the promotion of two-way investment between Japan and Europe and co-operation in third markets.

The mission will spend about two-and-a-half weeks touring seven EEC member countries, and visiting the Brussels headquarters of the EEC Commission.

Optimism for Italy's trade to Iran

BY RUPERT CORNWELL IN ROME

HOPES ARE growing for a resumption of work by Condotte d'Acqua, the Italian state-owned engineering group, on its port development contract at Bandar Abbas in southern Iran. The project was severely disrupted by the Islamic revolution of 1979.

If this optimism proves justified, it could have major implications for other Italian contracts in Iran which were put on ice—or abandoned—after the overthrow of the Shah.

The *encuragement is being* drawn from recent discussions in Tehran between Sig Sergio de Amicis, the president of Condotte, a subsidiary of the IRI-Italstat concern, and representatives of the Iranian Government.

The two sides are understood to have reached outline agreement, subject to ratification by Italy and Iran, on a new contract worth around $750m (£403m) to replace the former one, signed, in 1975, which covered work for around $1bn.

Bandar Abbas was one of two contracts thrown into jeopardy by the revolution. The other was the Isfahan steel works project being handled by Italimpianti, the plant processing subsidiary of Italsider, the steel operating arm of IRI. Work is *apparently continuing at* Isfahan, but periodic reports have surfaced of problems over payments due from the Iranian side.

Even a resumption at Bandar Abbas will not dispel the wariness of Italian concerns to become involved in Iran, given the continuing instability there.

Trade between the two nations has shrunk sharply, to a total of L783bn (£342m) last year compared with a peak of L2,230bn in 1978, the year before the Shah was toppled. Iran *in the first six months* of this year supplied just 1 per cent of Italy's oil import requirements, compared with more than 13 per cent in 1978.

The Iranian Government has indicated *that it would be willing to step up deliveries of oil* on a barter exchange basis, in return for Italian technological exports and know how. Much will depend on the future development of oil prices, quite apart from political events in Iran.

Italy and Greece in oil search

BY OUR ROME CORRESPONDENT

AGIP, the oil operating arm of ENI, the state energy agency of Italy, has concluded an agreement with DEP, the Greek petroleum authority, to carry out a search for oil in Greece's Ionian Sea over an area of 1,300 square kms, including the island of Paxi.

Agip has undertaken to drill three exploratory wells, for a total cost of $25.5m (£13.4m) with the prospect of further operations if the results are encouraging. The contract will run for four years, while any production agreement would have a life of 25 years.

The deal is the first of its kind between Agip/ENI and Greece, and the Italian group is hopeful it can be extended into other areas of the energy field.

Meanwhile, Pirelli, the major Italian tyre producer, has won a $25m contract to supply the Soviet Union with knowhow and equipment for a new factory to build its Series 70 low-profile radial tyres.

The plant will be constructed at Volsk, on the lower Volga River, and is due to be completed within three years. The Italian company will have the *responsibility for training* Soviet personnel and seeing that the unit goes on stream.

At full capacity, the Volsk factory will be capable of producing 2m tyres every year, Pirelli said yesterday.

Bonn, E. Berlin increase trade

BONN—The volume of trade exchanges between West Germany and East Germany expanded by about 4 per cent to DM 5.95bn (£1.3bn) in the first half of 1981. The volume was DM 5.7bn last year with West German shipments up by 6 per cent and East Germany's rising by only 3 per cent, the Economics Ministry said yesterday.

The deficit in West Germany's trade balance with East Germany contracted to DM 191.8m in the first half from DM 272.7m the Ministry said.

Following strong expansion of the trade volume of 12 per cent in 1979 and 19 per cent in 1980, the growth of what is officially called inner-German trade had lost considerable momentum, the Ministry said.

The slowdown was not altogether unexpected but was not considered unsatisfactory in the light of growing economic problems—an obvious reference to recession in West Germany.

Major West German deliveries to East Germany include chemicals, products of the machine and electrical industry, crude oil, agricultural produce, iron and steel, mining products, textile and non-ferrous metals.

AP-DJ

Fine tuning needed to make Philippines export dream come true

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES is inching towards its dream of belonging to the club of export-oriented economies of East Asia, but marketing, financial and administrative obstacles are still denying the country its goal.

Government planners boast that during the last two years of recession exports have kept the economy buoyant, and even the most vehement critics agree happily with this.

The rapid growth of exports during the past two years—averaging 27 per cent—has diffused the effects of spiralling oil prices in an economy where crude oil accounts for more than 30 per cent of total imports.

The impressive growth in exports was recorded despite the fluctuating prices of the country's traditional raw material exports, notably sugar, coconut *oil and copper.*

This is due mainly to the rise of non-traditional exports, which, for the first time in 1980, outpaced the sales record of the traditional products. (Non-traditional exports are defined as those parts of the commodities and processed goods sectors which had export values of less than $5m in 1978.)

Marketing drive

Last year, exports of non-traditional items reached $2.9bn (£1.5bn), equivalent to 50.4 per cent of the total export earnings of $5.8bn. This is quite a jump from their share of 22 per cent in 1975 and 43 per cent in 1979. Leading the manufactured exports are electrical and electronic equipment and components, garments, and processed food products.

The non-traditionals, particularly the manufactured items, have been the object of an organised marketing *drive since* 1979. The Government has been harbouring hopes that these products could serve as a major weapon in its fight against recurring trade deficits by cushioning the continually depressing performance of raw material exports.

President Ferdinand Marcos said that the Government is to push specific non-traditional exports, particularly garments, electronics, furniture and wood products, shoes and leather-wear.

The drive to promote non-traditional manufactured products is a component of an industrial programme launched by President Marcos in 1979, and which has been dubbed "structural adjustment." The programme seeks to shift the economy from mere import-substituting to export-oriented industries and ultimately balance foreign accounts without reducing unduly the growth rate.

The other components of the "structural adjustment" include the establishment of 11 basic, heavy industries—an accelerated development of small- and medium-scale manufacturing enterprises—and the rationalisation and modernisation of existing industries.

Shift in exports

Although there has been a shift in the composition of the Philippines' exports, there are also *growing indications that* a bit of fine tuning is needed in some of its export strategies before it could become a fully-fledged member of those economies where manufactured exports serve as the backbone.

Since more than half the total manufactured exports are composed only of garments and electrical and electronic products, a significant decline in the sale of these products—which could result from the growing protectionism among *major buyers—could pull down* the total growth of non-traditional exports.

According to a Taiwanese trade official who attended a Manila conference recently on export strategies, there are three ways for the Philippines *to prevent the concentration of* earnings on only two or three non-traditional items. "The Philippines can offer competitive products at competitive prices: it can improve its marketing machinery to promote all items: and it can diversify the range of processed products," he said.

But the Philippines' export machinery does not seem to be sufficiently well oiled to tackle these strategies effectively. On price competitiveness, for instance, cheap Filipino labour should theoretically give the country a price edge.

However, procedural bottlenecks are starting to outweigh the low labour cost. Mr Washington Sycip, chairman of Sycip Gorres Velayo and Company (SGV), the Philippines' and south-east Asia's largest accountancy concern, has said that inefficient shipping and port operations often lead to higher freight, inventory and *insurance costs.* "*Too many* holidays have also cut down productivity," Mr Sycip said.

Other exporters continue to complain about customs administration. The Bureau of Customs is notorious for its slow clearing process which has jacked up exporters' inventory and insurance costs.

Product quality

Product quality is another area where a lot of Philippines products have yet to meet international standards. Traditionally, the country has been over-protective of its local industries. High tariff barriers have kept competing imports away, and manufacturers have tended to become smug.

A more liberal tariff policy, which took effect at the start of this year, deliberately exposes local industry to international competition. Tariff reductions on selected products —spread over five years—are meant to stimulate, if not force, manufacturers to make their operations efficient and improve product quality.

The next link in the export machinery — marketing — remains weak. Export promotion has been largely in the hands of the Government. During the July conference on Export Strategies held in Manila, trade experts proposed an export development body for the Philippines.

In an effort to muster greater private-sector support, President Marcos last year handpicked 12 leading private concerns to organise Japanese style trading networks. The idea was for the 12 companies, dubbed "the 12 apostles of trade," to act as buying and selling specialists for hundreds of small manufacturers whose export attempts are crippled by lack of capital.

President Marcos: "push non-traditional exports."

Pan Am UK-based staff asked to accept 10% cut in pay

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MORE THAN 1,000 UK-based staff of Pan American World Airways have been asked to take a 10 per cent cut in pay, and a pay freeze through 1982, as part of the airline's efforts to cut its losses and secure new bank credits.

Last week, a consortium of U.S. banks told the airline to sell its profitable Intercontinental Hotels subsidiary, defer aircraft purchases, and secure staff agreements to a pay cut, in support of measures to secure a new $200m line of credit.

Mr Martin Shugrue, the airline's vice-president (personnel), has been touring overseas Pan Am stations in the past few days to explain the situation to locally based staff.

Yesterday, he told representatives of the 1,055 staff based in London that they were being asked to bear a 10 per cent pay cut with all 33,000 employees in the U.S., and the rest of the 8,000 personnel overseas.

The matter is now being considered by the various unions involved, but late yesterday it was not clear how UK staff would react.

One spokesman said: "A 10 per cent cut in Britain, with our high inflation and higher cost of living, would have a much greater impact on us than on the Americans, whose income is higher.

"But it has been made clear that it is either a question of accepting salary cuts or possibly losing more jobs."

Mr Shugrue, before flying back to New York, said: "If our staff world-wide will accept a 10 per cent pay cut, it would give us an extra $160m a year.

"That, together with route restructuring and staff losses, plus a reduction in overheads, would get us through the crisis. I have told staff that we will do our utmost to avoid further cuts in jobs."

Mr Shugrue said that the U.S. banks had given the airline until mid-September to get its survival plan under way. The hotels subsidiary has already been sold to Grand Metropolitan in a deal worth £266.5m, announced last week.

Metals supplier plans to close Birmingham factory

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

DELTA Extruded Metals, the dominant UK supplier of brass, wire and rod, said yesterday that it will close a Birmingham factory with the loss of more than 200 jobs.

The company said that though the recession was a factor it was more important to raise productivity and remain competitive.

Delta, which supplies raw material to the plumbing, electrical and engineering components sector, has been hit by the switch to substitute materials.

Imports from Europe have grown gradually during the past few years to account for about 10 per cent of the domestic market of about 70,000 tonnes a year.

The company is thought to account for about half UK sales in competition with IMI and McKechnie Brothers.

Mr Bob Fordham, divisional chairman, said the international recession had been "an additional embarrassment," but there was need to rationalise production and cut costs.

The Adderley Street plant employing 300 workers in Birmingham would be closed over the next six months. Alternative jobs would be offered to 70-80 employees.

Production of rod and wire would be transferred from Adderley Street to the company's three other West Midland sites at Wolverhampton, West Bromwich, and Erdington, Birmingham.

Riot blamed on lack of work

Financial Times Reporter

UNEMPLOYMENT caused the riots in Moss Side because young people had nothing to do but sit around and quarrel with the police, according to a bus driver giving evidence to a public inquiry into the riots.

Jamaican-born Mr Leroy Senior told the inquiry in Manchester: "Unemployment is solely to blame. To be successful in life you must do something when you are young. Every day that you waste when you are young will not come back."

Young policemen were also a cause of friction, he said. "With older policemen you can always communicate."

Earlier, there was uproar at the inquiry, now in its second week, when a man flung a jug of water at Mr Benet Hytner, QC, who fell back off his chair.

Mr Hytner was making some opening comments when Mr Edward Knowles of Whitehaven, stepped forward and, unannounced, took the oath on the witness stand. He was asked to "hold on a minute" by Mr Hytner who was then verbally abused before being physically assaulted.

NCB to fund factories in South Wales

By Gareth Griffiths

THE WELSH Development Agency is to build 35 "nursery" factories in South Wales financed by the National Coal Board's pension fund at a cost of £1.7m.

The deal is the second of its kind the WDA has signed with a pension fund. The agency will build the factories and then sell them to CIN Properties, the company which holds the property assets of the NCB's staff superannuation scheme and the mineworkers' pension fund. The agency signed a £5.6m deal with the Norwich Union earlier this year.

CIN Properties will lease back the units to the WDA which will let them to start up businesses or small companies, and be responsible for their day-to-day management.

The units range in size from 500 sq ft to 3,000 sq ft. Fourteen units are to be built at East Moors, Cardiff; 11 on the Ty Verlon Industrial Estate at Barry, South Glamorgan; and 10 at Morriston in the Swansea Enterprise Zone.

CIN has agreed to invest up to £3m in developing nursery units in Wales.

Contempt of Court Act comes into force today

BY GARETH GRIFFITHS

THE 1981 Contempt of Court Act, which covers the reporting of crime and civil litigation by newspapers and the broadcasting services, came into force today.

The act makes newspapers strictly liable for contempt from the time a suspect is arrested or a warrant for arrest is granted. The liability remains until criminal proceedings are concluded by sentence or acquittal.

In appeal proceedings the act extends liability from the time an appeal is lodged until the appeal's conclusion.

Discussions of the jury are also not allowed to be printed except where the publication does not identify particular proceedings or reveal the names of particular jurors.

In civil litigation, liability starts when a case is set down for trial.

There has been considerable controversy over the Act, which the Government views as a liberalising and codifying measure. The Lord Chancellor's intention in promoting the legislation was to implement the major recommendations of the Phillimore Committee for reform of the law and to ensure that UK law conformed with the European Convention on Human Rights.

Press bodies have attacked the law as restricting Press freedom and giving judges new powers to limit reporting. Judges can postpone publication of a report or case they are hearing if they think it necessary to avoid prejudice to those or any other proceedings.

Judges also have latitude in interpreting the phrase "necessary in the interests of justice" which is included in a clause giving journalists a limited statutory rights not to disclose their sources of information.

The clause says: "No court may require a person to disclose, nor is any person guilty of contempt of court for refusing to disclose, the source of information contained in a publication for which he is responsible, unless it is established to the satisfaction of the court that disclosure is necessary in the interests of justice or national security or for the prevention of disorder or crime."

Under the Act the High Court has the power to imprison people guilty of contempt for a maximum of two years or to impose an unlimited fine. Inferior courts can impose up to one month's imprisonment and fines of £500 for contempt.

The Albert Hall refuses to defy its heritage

Arthur Sandles reports on this monument to respectability

The Royals

Royal Albert Hall

by Arthur Sandles

QUITE whether Queen Victoria would have been amused by the Royal Albert Hall being open throughout the night for a Promenade concert on Indian music we may never know. But open it will be later this week as part of the BBC's annual takeover.

The musicians insisted that relaxing music of the night should be played at suitable times. No one is sure what the promenaders will make of it, but the night promises to be another colourful occasion for the Hall's archives.

There is very little about the Albert Hall that would offend even the alert sensitivities of the Queen who saw it built. This piece of "Victoriana in its grandest sense" (the words of the present general manager Mr Anthony Charlton) prefers to avoid the argumentative.

When the Chelsea Arts Ball grew a little too exuberent the contract was lapsed ("It was nearly 25 years ago, but people still talk about it").

In 1972 there was a decision to refuse pop-concerts. "In the fifties we would take anything that came, but in the early seventies we thought pop was getting a bit vicious and out of hand."

Even the new venture into commercialism, the Royal Albert Hall Shop, is discreetly placed at a side entrance and sells musical scores as well as Union Jacks and ball-point pens.

The Hall can afford to be choosy in its bookings. Its 300 lettings a year, plus rehearsals, mean that there is scarcely a vacancy in the calendar. Its bookings list includes everything from Miss World and major conferences to wrestling.

The foundation stone of the Hall was laid by Queen Victoria in 1867 and the opening ceremony took place in March 1871 when, it is thought, it held its largest crowd of 10,000—3,000 more than it could hold today given a more cautious attitude to fire risks and the like.

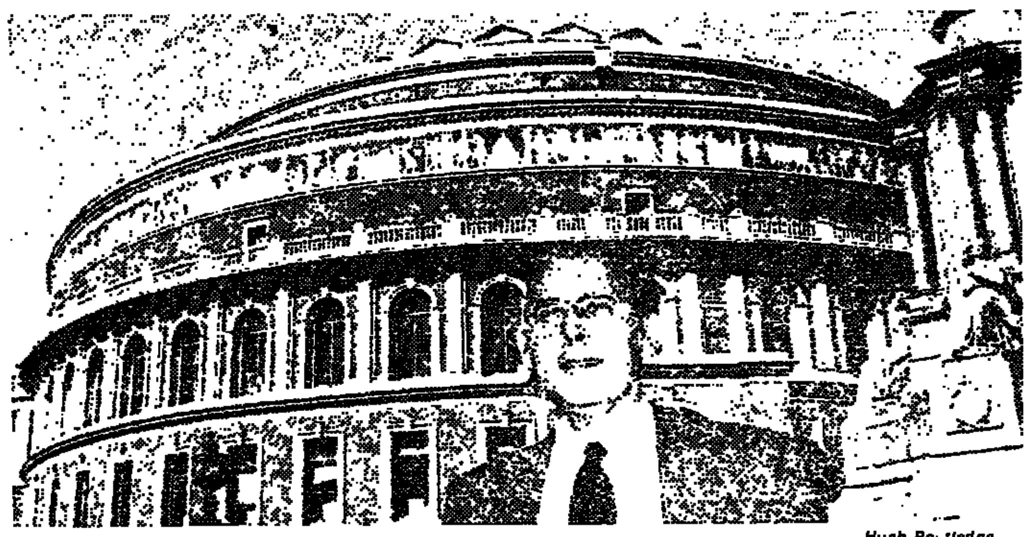
The Hall had anything but an easy birth. The project was little more than a gleam in Prince Albert's eye when he died in 1861, but he was keen on plans produced by Henry Cole (later Sir Henry) who had been influenced by Roman amphitheatres. At one stage it was thought the Hall might hold 30,000 people. But war in Europe interrupted plans for a second great exhibition, which might have financed such a spectacular project. Potential sponsors were reluctant to finance the more modest scheme.

The building was finally financed by the scheme which gives it its present peculiar ownership. Seats were sold in perpetuity to subscribers who paid from £100 for a basic unit to £1,000 for a ten-seat grand tier box. The cash slowly rolled in, but not fast enough so that the builders, Lucas Brothers, had to take seats in lieu of payment.

Early box purchasers were the then Prince of Wales, whose Albert Hall rights have since passed elsewhere in the Royal family. The Spencer clan, however, does have a box of its own.

Today the boxes are quite an asset. A pair of stalls seats sell for about £4,000 while a small box (five seats) can bring £22,500. Big boxes fetch £50,000, usually from companies eager to impress visiting customers.

The freedom that the seatholders once enjoyed has been modified, but only slightly. The Hall can only exclude them from 12 public events a year (although there is provision for a further 75 special exclusive days for events such as conferences) and each seatholder has to pay a maintenance fee of £100 a year.



Hugh Routledge

Mr Anthony Charlton, general manager of the Royal Albert Hall.

The Hall is run by a board elected by the seatholder. The chairman is Sir Kidby Laing of the building family. Under its Royal Charter the Hall is free of intereference from Government and the GLC. But it also has no automatic recourse to these bodies for assistance. As a result the Albert Hall fights, successfully, to remain in the black on a turnover of £1m a year and a permanent staff of only 100.

Some years ago it pulled out of the risk-taking business of sponsoring events and now rents its space.

The Hall administrators would like to see longer intervals (more liquor sales), fewer balloons and less champagne on the main floor. But nevertheless, Mr Charlton and his men do not have to face the problems of the marathon race, all 26 miles 385 yards of it, held at the turn of the century, or the suffragette meetings.

These were the times when the Hall was feeling an economic pinch and there were similar periods in the Twenties, Fifties and early Sixties. Twenty years ago it seemed that London might be willing to get rid of the Albert Hall and its ancillary Albert Memorial for good because they were such ornate anomalies in an age that was giving birth to tower blocks and the rival Festival Hall.

However, Victoriana is back in style again and, if anything, the South Bank complex looks dated while the Royal Albert Hall inspires affection.

Even its odd giant saucers in the ceiling, placed there in deference to modern demands for better acoustics, seem to have mellowed and been accepted by the grand old basic structure. They, no doubt, will make the early hours listening to the Sitar playing even more pleasant.

UK NEWS

Why Britain bent the rules to send Cossack generals back for execution

Nicholas Colchester looks at a tale of Allied deceit

WITH THE encouragement of Harold Macmillan, four White Russian generals were forcibly repatriated to the Soviet Union by the British army in 1945 even though they were not Soviet citizens and therefore not eligible for repatriation under British policy.

This new twist to the already harrowing story of the deliverance to the Soviet Union of several thousand Cossacks at the end of the war is contained in a new book by Nikolai Tolstoy, Stalin's Secret War, published today.

The four White Russian generals, Peter Krasnov, Andrei Shkuro, Prince Ghirey and Semeon Krasnov, were veteran opponents of the Bolshevik revolution who joined German-backed units fighting the Soviet Union during the Second World War.

In 1945 the Russians, who had secured an Allied commitment at Yalta that Soviet citizens be returned, made a special request that these White Russians be surrendered to them. The British forces in Austria acquiesced and the generals were executed in the USSR in 1947.

According to Nikolai Tolstoy, the decision by Lieutenant General Charles Keightley to turn the generals over to the Russians involved a careful plan to disguise the fact that British rules were being broken from higher British authorities, including Churchill and General Alexander, who might have had feelings of loyalty towards the White Russian resistance.

The aim of repatriation was to avoid antagonising the Russians and to speed the return of British prisoners of war from Russian occupied territory. Repatriation of Soviet citizens was urged by the Foreign Secretary Anthony Eden and by Geoffrey Wilson and Patrick Dean of the Foreign Office.

The Cossack officers, including the White Russians, were lured out of their internment camp with an invitation to a conference with Field Marshall Alexander on May 27 1945. There was no conference — they were conveyed straight into the hands of the Russians.

According to Tolstoy, Harold Macmillan, who was political advisers to the Allied Forces, "was very anxious to comply with the Soviet request and urged Keightley to accede."

Keightley telegraphed Gen. Alexander for guidance but did not mention that the Cossacks whose future was in question included some who were not Sovet nationals.

By this ploy, Tolsty claims, Churchill and Alexander had been duped into consenting to the surrender of the Cossacks and Soviet citizens."

He continues: "The crucial fact that many were hWite Russians was carefully withheld from them. Gen Keightley of course ran grave risks in deceiving the supreme Allied Commander in this way, but presumably allowed himself to be over-ruled by Macmillan's arguments."

Stalin's Secret War, by Nicolai Tolstoy. Jonathan Cape, £9.50.

State 'should increase city spending'

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE CABINET is expected to approve a new approach to Government spending in Britain's cities within the next two months.

Mr Michael Heseltine, the Environment Secretary, has told his cabinet colleagues that major changes are needed in the way public funds are administered in Britain's cities and that considerable amounts of money are being wasted.

He has also warned that more public money will have to be spent if urban decay is to be reversed and further civil unrest prevented.

Mr Heseltine, who was sent to Liverpool by the Prime Minister, to investigate the problems of Britain's cities in the wake of the Toxteth riots, told Mrs Thatcher before she went on holiday that more money would be needed for the cities.

In his preliminary report on his trip to Liverpool, he suggested that she should allocate responsibility for the inner city trouble spots among members of her team, and not make one minister responsible.

He has completed his proposals and circulated them to ministers. Among his recommendations are that the powers of the Metropolitan Councils be reduced, and that a new central Government directorate be established in each inner city to co-ordinate state spending. He has also recommended that a committee be set up in London to ensure that any extra public spending goes to help private sector projects.

Ministers will discuss the proposals in the next two weeks and will probably try to reach agreement on a package by the time Parliament reassembles in October.

Treasury ministers, who may be resistant to the idea of more public money going into the cities, have not seen the proposals. The Prime Minister is strongly behind the Treasury's insistence that public spending be kept in check next year, but she may adopt a less rigid attitude to the inner cities.

Nevertheless, Mr Heseltine would encounter bitter opposition from local authorities if he tried to curb their powers. He was considering trimming the powers of the metropolitan authorities before his trip to Liverpool and his attitude seems to have been hardened by what he saw.

Gareth Griffiths writes: The Association of Metropolitan Authorities said yesterday that the Government needed to adopt a more positive approach to the cities to replace the negative attitude which had prevailed over the last few years.

Mr Roy Shaw, leader of Camden Council in London and vice chairman of the AMA, said the Government's grant aid policies had done more damage to the inner cities than any riots. The three main riot areas would lose out badly from the threatened hold back of grant from the Department of the Environment because they had overshot the Government's target budgets.

The Association, which is Labour controlled, said the Government had successively reduced the amount of money to the inner cities. It said the inner city areas had lost rate support grant from the Government this year by £215m, or 14 per cent on last year's grant. Further hold back of grant would mean a cut of £378m or nearly 25 per cent compared to last year.

Merseyside, according to DoE figures published in June, would lose £8m or 10.7 per cent of its block grant. Greater Manchester £8.5m or 8 per cent and the London borough of Lambeth, which includes Brixton, £14.8m or 26.9 per cent.

The association says the position has been exacerbated by the Government's reduction in the number of areas getting grant aid from the European Community.

The metropolitan authorities argue strongly that they are bound to be high spending because they have to provide for education and social services. The local authorities discount an immediate response to calls for local government change. They see speculation about change as a reaction by Ministers to the increasing left-wing political control in metropolitan authorities since the local elections in May.

Prior stays firm in face of reshuffle

By Elinor Goodman

MR JAMES PRIOR made it clear last night that he wants to stay on as Employment Secretary and that he has no intention of giving in to pressure from the Conservative Right for a tougher approach to trade union reform.

Mrs Thatcher is expected to announce a major Cabinet reshuffle next month, and there has been speculation that she might try to swich Mr Prior to Northern Ireland.

Recently there have been suggestions that Mr Prior might now even welcome such a move, but yesterday, on BBC television, he said he would like to keep his present job.

Mr James Prior

Mr Prior, one of Mrs Thatcher's most persistent critics within the Cabinet, was careful to say that it was not for him to say whether there should be any Cabinet changes.

But his statement, that he would prefer to stay where he is will make it more difficult for Mrs Thatcher to move him without appearing to be gunning for her opponents.

Mr Prior, throughout his term as Employment Secretary, has been under pressure from the Tory Right to move faster against the unions.

He acknowledged that after doing the job for so long, some people might say it was time for a change. "But I think it is a very important job at a very important time and naturally I would like to keep on doing it."

Asked about his approach to industrial relations, he said it would be "exactly the same."

Mr Prior is the second Cabinet Minister to publicly state a preference for staying in his present job. Mr William Whitelaw, the Home Secretary, has also said he would like to stay where he is.

Nevertheless, Mrs Thatcher is known to be considering moving a number of her senior Ministers, in an attempt to take the Tories through to the next election.

Silkin will not vote if he loses first ballot

BY OUR LOBBY CORRESPONDENT

MR JOHN SILKIN, the third candidate in Labour's deputy leadership race, has decided to abstain in the final round of the contest if he is knocked out in the first ballot.

He may also advise his supporters whose votes could be decisive, to abstain. With only a month to go before the voting takes place on the eve of Labour's party conference in Brighton where it seems that only a very small margin separates the other two candidates — Mr Denis Healey and Mr Tony Benn.

Mr Healey and Mr Benn's organisers have already started working on those MPs and organisations expected to vote for Mr Silkin in the first round. But he has apparently decided that it would be wrong for him to vote for either of the other candidates, because he will almost certainly be standing against one of them again next year in what looks increasingly like a re-run of this year's bloody contest.

Mr Silkin's decision came as Mr Healey yesterday issued his most direct attack yet on Mr Benn, accusing him of inflecting "deep and unnecessary wounds on the party, and losing Labour's votes."

The fact that Mr Healey should launch such a personal attack on Mr Benn is itself a measure of just how worried his supporters are. Mr Benn's supporters claim their man has already got almost enough votes to win.

Mr Benn's decision to force a contest for the deputy leadership this year has further soured his relations with Mr Michael Foot, the Party leader.

A further sign of the deteriorating relationship between the two will come later this week, when the nominations for both the leadership and the deputy leadership are published.

While both Mr Silkin and Mr Healey are included among Mr Foot's nominees, Mr Benn apparenty is not.

Nevertheless, the nominations will also show the strength of Mr Benn's support among local parties. He is understood to have close to 250 nominations.

Predictably, Mr Healey has not done nearly so well among constituencies, but he has been nominated by four of the largest unions, as well as by around 75 MPs.

Mr Silkin, who entered the contest late, did not try to get nominated by any of the large unions, but he seems to be confident of getting the support of his own union, the Transport and General Workers' Union, in the first round, and is hoping that he may be able to get the votes of the General and Municipal Workers' Union, which had been expected to go for Mr Healey, in the first round.

Although Mr Silkin has not given up hope of beating Mr Benn into third place in the first round, the other two candidates do not rate his chances. Nevertheless, he could play a key role in the election if he tries to persuade his supporters how to vote in the run off.

Now, however, it looks as if he may advise them to abstain.

In his letter, sent to all Labour MPs, trade unions and other organisations affiliated to the Labour Party, yesterday, Mr Healey made no reference to the fact that there was a third candidate in the field, and concentrated all his venom on Mr Benn.

He maintained that Mr Benn's claim that his campaign would be a "healing process" had proved far from the truth. The fact was that his campaign had inflicted wounds on the movement, at a time when it should have been fighting the Government.

The Warrington by-election in which the SDP ran Labour a close second, had been a "shattering disappointment." he said. There was no mystery why, he claimed.

Ordinary decent men and women were "worried stiff" that the party had been taken over by the "bully boys who howl down free speech at party rallies, who reject the ballot box in favour of violence on the streets."

People like this, he said, had seen "loyal party members with years of service to our movement, thrown on the scrapheap in favour of humourless newcomers, who preach the doctrines of sectarian hate."

5% rise in Hong Kong air fares sought

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS and British Caledonian Airways have applied to the Civil Aviation Authority to raise fares on the London-Hong Kong air route by about 5 perc ent, to meet rising costs of fuel and other items.

From October 1, the BA Advanced Purchase Excursion off-peak single rate will rise from £175 to £190, and the peak rate from £225 to £240. Other low rates for group inclusive tours, the armed forces, students and other groups will also rise.

From the same date, British Caledonian's "botom dollar" and advanced purchase fare will also rise to £240 single in the peak and £190 in the off-peak.

From December 1, both airlines will raise the first-class fare from the present £1,100 single to £1,155, the Club Class or Executive Class from £590 single to £620.

£14m engine order for Rolls-Royce

ROLLS-ROYCE will benefit by about £14m from additional RB-211 engine orders for two additional Lockheed TriStars now ordered by TAP Air Portugal.

The contract follows an order for three TriStars from Air Portugal earlier this year. The two aicraft now firmly ordered were previously listed as options.

The value of the deal to Rolls-Royce covers the cost of the initial engines, together with spares, plus support for the engines throughout their in-service life of between 10 and 15 years.

The total value of the engines and spares in the five TriStars is about £35m (including the £14m covered by the latest order). The aircraft are due to be delivered from 1983.

Birmingham ratepayers face option over services

BY LORNE BARLING

INDUSTRIAL and private ratepayers in Birmingham are faced with the option of cuts in services or a supplementary rate on top of the 14p rate surcharge imposed recently by the West Midlands County Council.

There is now serious concern in the Midlands over the level of the rates this year. Two major companies, BL and Guest Keen and Nettlefold are taking, or threatening to take, legal action to oppose what they regard as unfairly high charges.

The latest threat of even higher rates, which is also likely to become evident soon in council areas surrounding Birmingham, was attributed to the likely withdrawal of £12m in Government grants to the city council under Government policy.

Councillor Clive Wilkinson, leader of the Labour-controlled city council, said yesterday that industry should direct its anger at the Government for effectively reducing the council's budget by 30 per cent through the re-direction of grants towards rural areas.

He said the council was faced with the option of making about 2,500 council workers redundant or levying a supplementary rate which is understood would be about 8p or 9p in the pound.

Mr Wilkinson said the council had to find about £3m more this year to make up the difference between a budgeted 6 per cent pay increase for council workers and the $7\frac{1}{2}$ per cent agreed. There was also a projected deficit of about £1m due to higher interest rates than expected.

"We are already losing around 1,500 council jobs this year. Further redundancies would make it difficult for us to fulfil our statutory duties in services such as housing and education," he said.

MK Electric returns to 5-day week

By Maurice Samuelson

FIVE-DAY working is being re-introduced this week by MK Electric, the manufacturer of plugs, sockets and other accessories whose plants have been on a four-day week for 15 of the past 20 months.

At the same time, negotiations are taking place to make 161 of its 4,038 employees redundant.

MK Electric supplies 80 per cent of the earnings of its parent, MK Electric Holdings. The company said yesterday that during the past two years it had kept its main assembly operators to an acceptable number by tightly controlling replacement of those who left and by retiring employees at normal pensionable age.

However, it did not have sufficient work to keep on all its component producing employees

Most of MK Electric's pre-tax profit fell last year (from £7.1m to £5.5m) was caused by the lack of new private housing and commercial building development, and cuts in local authority spending.

Lancia defends new Beta coupé

BY JOHN GRIFFITHS

LANCIA UK last night forcefully denied that newly-introduced "special edition" versions of its 2-litre Beta coupé model were renovated and modified cars which had been stored in the UK for up to 24 months.

Fiat Auto, which handles Fiat and Lancia sales in the UK, described as "bloody rubbish" a report in Motor magazine saying that some of what are now Beta Hi-Fi coupé models "have been lying corroding in a Somerset field for up to two years."

Some 300 cars are involved. They arrived in the UK as standard 2-litre coupés, but are being converted to "Hi-Fi" specification by Aston Martin Tickford, an Aston Martin subsidiary set up earlier this year to handle contract work for other manufacturers.

This involves fitting spoilers, high-performance tyres, stereo equipment, sunroofs, striping and other cosmetic treatment—and rectifying any problems arising from transit damage or storage.

Lancia said last night that the cars had been stored in the UK — "but none for anything like two years. A few might be up to 14 months old, but many have been here for no more than three to four months: their average age is certainly less than a year."

The Motor report said the cars had been standing in an open field and that on arrival at Aston Martin's premises some were seen to be badly rusted. It described seeing one car "with half-inch diameter holes where rust had penetrated the seams."

"The truth about those holes." the company said, "is that they are part of the body pressing — put there to allow inspection and the injection of wax anti-corrosion protection. Prior to sale they are sealed with rubber grommets."

Lancia said all the cars had been on hard standing, not in fields, and had been given full corrosion protection when imported.

Lancia last year encountered criticism over corrosion of some of its Beta saloon models. Since then, all Lancias offered for sale in the UK have been provided with a six-year anti-corrosion warranty.

With the recession in new car sales of the past year, most manufacturers have been grappling with a problem of excess stocks. Storage of several months is not unusual.

"The Hi-Fi models are being sold in as good a condition as any new car currently being offered on the British market," the company said.

Aid possible for Ronson buyer

FINANCE Corporation for Industry—backde by the clearing banks and the Bank of England—is taking no active role in the present talks between the receivers of Ronson Products and possible buyers. But it is willing to consider financial aid to a buyer if it is aproached.

The Price Waterhouse receivers and managers appointed on August 14 by Barclays Bank —owed nearly £9m by the lighter and electric shaver—were still talking yesterday with two possible buyers.

BR job losses at Derby

BY LISA WOOD

UP TO 200 whites and blue collar workers at the Derby Carriage and Wagon Works of British Rail Engineering are to be made redundant.

British Rail said yesterday that it was necessary to allocate some of the work to other wagon works with spare capacity.

About 34,000 are employed in British Rail's engineering workshops. The sharply-declining workload had led to other cuts this year including the closure of British Rail Engineering at Ashford, Kent, with nearly 1,000 redundancies.

British Rail lost £37.4m in the first half of this year. Sir Peter Parker, BR chairman, has predicted a sharp acceleration of losses to £140m by the end of the year. In the British Rail corporate plan about 38,000 redundancies are scheduled by 1984.

In June, when BR announced the closure of the Ashford Works, it said it was seeking a further loss of 1,115 jobs in 12 other rail-equipment workshops and factories.

Blame for the closures and jobs cuts totalling 2,065 is placed on a lack of export orders this year and a lower volume of work for BR.

Theft trial for former building society chief

THE former secretary of the Alfreton Building Society was yesterday committed for trial at Derby Crown Court on seven charges of theft totalling £41,984, between February 1972 and June 1979.

Mr Roy Ward, 52, of White Carr Lane, Brackensfield, Derbyshire, was granted bail by Alfreton, Derbyshire, magistrates.

Mr Ward is also accused of unlawfully falsifying a withdrawal notice, forging a withdrawal notice and dishonestly falsifying a cash book.

Moves to tackle VAT claim backlog

HM CUSTOMS and Excise are tackling the backlog of more than 2m documents involved in the collection of Value Added Tax which were affected by the recent civil servants' dispute.

During the dispute no documents were keyed into the Southend VAT computer. It is now hoped to clear existing repayment claims within five weeks.

SNP protests at bank takeover bid

Scottish National Party branches all over Scotland are being encouraged to picket their local Royal Bank branches to protest at the proposed takeover of the bank by either the Standard Chartered Bank or the Hong Hong and Shanghai Banking Corporation.

Guy de Jonquieres looks at difficulties facing one industry undergoing change and another just emerging

Poor prospects at the Post Office

THE Post Office's last set of combined accounts, published yesterday, is adorned with photographs of determined-looking senior executives and up-beat statements which emphasise the effort being made to provide services to customers.

The results themselves make uninspiring reading.

The Post Office has recovered from its £46m loss in the first half. But the £208.7m profit reported for the year, the lowest for six years, is the result of a sharp deterioration in the performance of all the organisation's main activities.

The decline is not unexpected. But it could hardly have struck at a less auspicious moment for a major nationalised industry about to be split into two and thrust into a challenging, uncertain world of freer competition.

Moreover, the Post Office's auditors have again issued a disclaimer, on the grounds that it is impossible to judge whether the information contained in the accounts is accurate.

The Post Office says that financial procedures are now back to normal after being disrupted by a computer operators' strike two years ago. But the fuzzy figures can scarcely help British Telecom's efforts to persuade an unenthusiastic Treasury to allow it to offer the public a new type of bond whose value would be linked to future profits.

From October 1 the Posts and National Girobank will be a separate business, deprived of subsidies from the lucrative telecommunications activities, unlike in other European countries.

But there is some consolation in the fact that it has been able to sustain a profit record for the past five years. It has launched promising initiatives in fields like facsimile transmission and electronic banking.

From the standpoint of British Telecom, struggling to finance an ambitious investment programme of its own, that is probably just as well. Telecom increased operating profit to £180.7m from £129.1m (before special gains) the previous year. But it fell short of the Government's target of a 5 per cent return on net assets, and slightly overshot its external financing limit.

Telecom accounted for more than two-thirds of the Post Office's total income of £6.6bn last year and has traditionally contributed the lion's share of the profits. Its principal money-spinners have been long-distance and international traffic.

The pattern was forcefully repeated last year. Profit on subscriber calls, almost half of Telecom's business, rose to £523.5m, while international services earned a handsome £189.1m on income of £758.2m. Every other service moved more deeply into loss except for apparatus rentals and telex which showed a small profit.

Though British Telecom's turnover rose by almost £1bn, more than £800m of that was due entirely to higher charges. In volume terms business virtually stagnated. Inland calls rose by only 1.5 per cent, the smallest rise for several years, while telegram traffic and demand for exchange connections fell.

Sir George Jefferson, who took over as Telecom's chairman last year, blames the recession. But not everyone is so sure. Some outside observers have suggested demand for Telecom's services has also been affected by the substantial increases in tariffs, averaging more than 33 per cent since the start of last year.

A further increase is scheduled for November. It will average 9.5 per cent overall, though the rise will be far from evenly distributed. The cost of some local calls is due to rise by as much as 115 per cent.

Telecom has warned that local subscriber charges will have to rise still more steeply if its trunk business suffers from private competition.

While the Government continues to shackle Telecom's borrowing powers, tariff increases will remain the principal source of finance for investment.

The organisation is also trying belatedly to realign tariffs to relate the prices for different services more closely to costs and reduce cross-subsidisation. But its task will be made more difficult if increases in charges stifle business growth.

The Post Office Users' National Council (POUNC), the official watchdog body, commented recently that customers might find it easier to swallow tariff rises if Telecom demonstrated that it was really seeking to contain its costs. In spite of Sir George's assertion that "British Telecom has achieved improvements in productivity and efficiency," the accounts lend little substance to the claim.

During the last financial year, Telecom's wages and salaries bill soared by 31 per cent.

Other items rose much faster than inflation, too. The cost of billing customers went up by 42 per cent to £104.4m, accommodation spending by 30 per cent to £309.1m, public relations and publicity by 29 per cent to £21.2m, and "planning" by 46 per cent to £74.3m.

Finally, an entry referred to only as "incidentals" totalled £43.2m—an increase of 71 per cent over the year.

Information technology's tough test

YESTERDAY'S REPORT by Pactel on Britain's prospects in the world's £50bn information technology market is likely to be remembered as much for its harsh and unflattering analysis of the problems as for the solutions which is recommends.

The report was commissioned by the National Enterprise Board last year, before it merged with the National Research Development Corporation to form the British Technology Group.

The fact that the Government and the NEB have meanwhile adopted some measures proposed in the report scarcely diminishes its impact as probably the most negative assessment of Britain position yet published.

Broadly, the report concludes that Britain holds few, if any, top cards in the industrial poker game of the century. The odds are already stacked heavily in favour of the U.S. and Japan, and unless the UK can raise the ante it may face little choice but to see its modest pile of chips dwindle away to nothing.

Arguing that a robust "international profile" is vital for companies seeking to compete in information technology, the report says that only Racal enjoys the necessary vigour, profitability and geographic spread of manufacturing and marketing resources.

Ironically, Racal is primarily involved in defence and data communications, and only recently entered the office information systems market.

Pactel is dismissive of most other companies better known for their involvement in information technology, including Plessey, ICL, Thorn EMI and Rank-Xerox. Even the General Electric Company, one of Britain's biggest exporters and the main domestic force in electronics, is too closely tied to its home market, it says.

Though France and West Germany also face problems in the information technology market, French companies are marketing aggressively abroad while Germany has a world heavyweight in the form of Siemens.

Britain has a number of technological strengths on which it can build. These include satellite and fibre optics technology, avionics, defence related systems and data handling and telecommunications in general.

But the report is sharply critical of attitudes among British management. UK companies lack a strategy to match Japan's challenge in information technology. They suffer from unimaginative product innovation, insufficient efforts to penetrate foreign markets and inadequate marketing and distribution skills.

While U.S. companies display an aggressive determination to beat Japan on its own terms, some UK companies most likely to be affected by Japanese competition exhibit "an air of over-confidence and self-sufficiency."

The report suggests that government procurement has an important role to play in aiding development of a British industry.

But sometimes the special standards laid down for public purchasing mean goods produced for the UK cannot be sold overseas. "Procurement policy has become a subsidy to companies who have a weak world position."

Pactel's original remit was to recommend actions which could be taken by the NEB. It is a measure of its concern about Britain's position that it goes beyond its brief to include proposals for Government policy as well.

The starting point for a national strategy, it suggests, should be to recognise that the information technology market is far too big for Britain to try to compete in every section of it. Areas of particular strength should be identified and built up by government and private sector actions.

The Government's top priority should be to speed up liberalisation of telecommunications services while relaxing financial constraints on British Telecom. Britain's position as a major communications hub in Europe was a major international asset.

Procurement policy should seek to steer information technology companies more towards profitable commercial opportunities, particularly in overseas markets. Current arrangements for marketing Britain's System X electronic telephone exchange abroad are deficient because splitting manufacture between three companies is uneconomic.

The Government should give more support to UK bids for international systems projects and stimulate transfer of technology from the public to the private sector.

Incentives should also be given for the formation of U.S.-style technology centres, the industrial application of computer technology and the establishment of mass-production electronics plants.

The British Technology Group should encourage development and marketing of technologically advanced products and systems. Government policy and the NEB should favour the growth of computer services companies big enough to compete worldwide.

BL takes tough line on full-time stewards

By Arthur Smith, Midlands Correspondent

BL CARS, in another challenge to shop steward power at Longbridge, Birmingham, has instructed seven full-time union officials to return to their jobs on the shop floor.

The company insists that two, rather than the present nine, senior stewards can adequately deal on a full-time basis with the problems of the 14,00 strong manual workforce.

The move, to be implemented on Monday, prompted an outcry from the unions, but seems unlikely to provoke immediate undustrial unrest.

BL said last night that it was impossible to establish when the practice of so many full time stewards at Longbridge *had been established*, but it had probably existed for 30 years.

The action was part of the general efficiency drive. Longbridge was out of line with other plants. At the Cowley complex, Oxford, there were only two full time stewards, BL said.

The company has given assurances that the men returned to the shop floor will still be given full facilities to carry out their union work.

Union leaders *believe that* any risk of industrial action will depend upon how the Longbridge management implements the new arrangement.

Management in the past has tended to connive at the development of full time shop stewards as a way of heading off problems before they become serious.

One union official said last night that he felt that the position at Longbridge had got out of hand. Senior stewards had tended to lose contact with shop floor opinion.

TUC attacks 'blundering' approach to youth training

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR LEN MURRAY, the TUC general secretary, has warned the Government that union support for new plans for training will depend on retaining the *statutory industry* boards and the allocation of extra cash for programmes.

He told a joint meeting of the TUC Education and Employment Policy and Organisation Committees that the Government showed a "blundering" and "contradictory" approach to training.

"On the one hand, the Government is seeking support for the Manpower Services Commission's New Training *Initiative, which envisages* vocational preparation for all young people, the modernisation of apprenticeships and opportunities for adults to retrain at any *stage in their lives*.

"On the other, it seems set on dismantling most of Britain's industrial training boards which are essential means to achieving these objectives."

The Government has yet to decide whether or not to replace some or all of the 24 statutory boards covering industries employing 12m workers with voluntary boards.

Mr James Prior, Employment Secretary, has called on interested parties to give their views by the end of next month.

In a separate initiative, Mr Murray has written to Mr Prior pressing him to raise the allowance paid to Youth Opportunities Programme trainees from £23.50 a week to £28. The rate has not been increased since 1979.

The MSC has issued new guidelines on the programme, in response to TUC pressure. It has agreed that unions should countersign a sponsor's application for trainees in those plants which are unionised, and will investigate instances where trainees are suspected of being used as substitutes for adult labour.

In non-union establishments, the MSC will instruct its officers to contact local union officials, and to undertake special vetting procedures at the unions' request.

Alleged abuses of the YOP have led to a motion for congress from the TUC's largest affiliate, the Transport and General Workers' Union, insisting that work experience schemes should take place in unionised establishments only.

In general, the TUC supports YOP—while being critical of some aspects of it—and it is expected that a composite motion on youth unemployment will comb out the TGWU's proposals.

Aa a meeting yesterday, the TUC General Council agreed to tell Mr Prior of its strong opposition to a proposal in the Government's recent package of Youth Employment Subsidies to pay employers £15 a week subsidy to recruit young people at wages below £40 a week.

The proposal was "misguided and harmful," and it was "based on the assumption that the main cause of youth unemployment is high wage rates," it added.

Print men to prepare 'substantial' pay claim

By Our Labour Correspondent

FLEET STREET print unions will formulate a "substantial" wage claim for the coming year at a meeting next month.

The wages package, to be drawn up by the four print production unions at a meeting on September 18, will include demands for a shorter working week and longer holidays.

However, they will face evidence from the employers that a new disputes agreement, which formed part of this year's agreement, has not been effective.

The Newspaper Publishers Association, which represents most national newspaper managements, has been collecting evidence of breaches of a disputes procedure which was expected to bring in a more trouble-free working in Fleet Street.

The NPA had wanted to enforce the agreement with clauses which would penalise other print workers in the newspaper for unofficial action begun by one section of the workforce.

This was strongly resisted by the unions, and did not survive into the final agreement, being replaced by a declaration of intent.

In the forthcoming talks, it is posible that the NPA might seek to reintroduce the disciplinary clauses.

The employers' side was weakened last year by the defection of a number of newspaper groups, including Times Newspaper, Express Group *and The Guardian*. The *Mirror* Group also remained outside of the talks.

This year the Express Group and Times Newspapers—now part of *News International*—could re-enter the negotiations.

Left unions oppose council reform

BY OUR LABOUR CORRESPONDENT

STRENUOUS EFFORTS are being made by left-led unions to organise opposition to a move which would restructure the composition of the TUC general council in favour of larger unions—a move which would, on the present political balance, favour the right and centre.

A motion from the Post Office Engineering Union for next month's congress proposes that all unions above 100,000 members should have automatic *representation on the general* council, replacing the present system of election by industry group.

The present system includes on the council a number of smaller unions, many of which are left-led. It discriminates against medium-sized unions, the bulk of which are centre or right-led.

Previous attempts to bring *in the system proposed by the* POEU have failed. However, the 1m-plus strong Amalgamated Union of Engineering Workers has reversed its previous stance *of opposition to one of support*. This would, on former voting patterns, be sufficient to ensure the system passing.

However, left-wingers on the general council have been working hard to sway unions previously in support of the new system to support the status quo. They believe that the result will be close.

Attempts by right-led unions to soften the line in a number of motions on unilateral disarmament and withdrawal from the TUC are unlikely to succeed.

● Mr Michael Foot, the Labour Party leader, will address the TUC congress on the afternoon of September 8.

Low pay deals for health and chemical works

BY OUR LABOUR CORRESPONDENT

LOW NATIONAL pay rises involving *nearly 200,000 workers* have been agreed in two major sectors—the National Health Service and chemicals industry.

The 120,000 NHS administrative and clerical staff, the last major group in the service to settle, have agreed a 5.9 per cent pay rise, according to the Department of Health and Social Security.

However, the settlement has been attacked as "outrageous" by the main union involved, the National and Local Government Officers' Association.

Yesterday, Miss Ada Maddocks, Nalgo's NHS officer, said: "I feel very strongly at the injustice being done to all health service and public sector workers, who have been kept to a *6 per cent cash limit*."

The DHSS said further details of the package which would bring it up to a full 6 per cent remained to be discussed.

Employers and unions in the chemicals industry have agreed a national wage increase of 7.3 per cent.

The hourly rate will rise by 12p to 177p and the shift differential will increase by 2p to 26p. The agreement covers more than 60,000 workers.

The negotiations, which ended earlier this week, had been broken off by the unions since May. In the interim, a number of chemical companies have settled independently. The unions claim these settlements have averaged 9 to 10 per cent.

Women industrial staff face 'domestic strain'

BY OUR LABOUR STAFF

WOMEN WORKERS in industry are under great strain both in and out of work. This affects their mental and physical health, according to a survey by the Department of Employ*ment*.

A survey was taken among women working on production lines in three different plants. The results published in the Employment Gazette yesterday show that: most women were in charge of the household budget; they were under financial pressure to make ends meet and that they received little or no help with child-rearing or housework. There was also evidence of emotional stress *because of domestic worries*.

Their day begins early, about 5 or 6 am, and finishes late, about 9 or 10 pm, with little or no time for rest or relaxation, leaving them continuously tired

The authors propose that women's paid employment be considered separately from men's. They say, the solution lies in developing an environment where women can find non-discriminatory employment and where "child care and domestic responsibilities cease to be regarded as the sole responsibility of women.".

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd	12½%
Associates Cap. Corp	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Morgan Grenfell	13 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Bristol & West Invests.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid. East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½%	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½%
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 10% and over £50,000 11%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

INTERNATIONAL APPOINTMENTS

Banking in Indonesia

Salary not less than US $30,000 tax free, plus benefits.

Our client is looking to fill the vacant General Manager position with its associated merchant banking company in Jakarta, which is engaged in an increasing range of financial activities.

This opening offers to the right candidate not only the chance to work in an attractive and challenging environment, but to play a significant part in the business development of a rapidly growing institution in a country full of opportunities. The successful candidate will be the third most senior executive in the company and the second most senior expatriate.

The position is a demanding one and it is expected that the successful candidate, age 30 to 45, will have either a University degree or be a qualified accountant. A number of years general and administrative banking experience gained in a commercial or merchant bank is essential.

The salary offered will not be less than US $30,000 per annum tax free, to which there will be other attractive benefits attaching.

Please apply, with full Curriculum Vitae, stating the name of any organisation to whom you would not like your application to be forwarded, to J. D. Vine (Ref. RSVP/104), Vine Potterton Limited, Wakefield House, 152 Fleet Street, London EC4A 2DH. Applications will be treated in strictest confidence.

Vine · Potterton
RECRUITMENT SERVICES

International Banking

Dubai c. $60,000 tax free

A leading Arab International Bank has, as a result of a healthy growth programme, a number of senior vacancies.

Director Planning: to ensure growth is adequately appraised and properly planned and implemented through the development of strategic objectives and long and short term business plans.

Director Credit: to ensure the Bank's credit policy is of the highest professional level, is appropriate to the business and incorporates modern management concepts and procedures.

Director Internal Audit and Inspection: to ensure by appropriate audit that the Bank's operations are conducted in a professional, consistent and accurate way.

Candidates must have extensive senior level experience in the function for which they are applying, obtained in a reputable international banking organisation and be able to demonstrate a record of sustained achievement. Salaries and excellent ex-patriate benefits are provided tax free.

Please write in complete confidence, enclosing a suitably detailed curriculum vitae and your recent salary history to:

ANTHONY NEVILE INTERNATIONAL LTD.
The Hague Dubai Singapore Hong Kong Tokyo Los Angeles Cape Town
Ash House, Churt, Farnham, Surrey GU10 2NU.
Headley Down (0428) 712313/712568.

INTN'N MARKETING EXECUTIVE

General Manager

5 languages, 16 years EDP marketing, 10 years general management experience. Results oriented entrepreneur. Seeks executive position international level. (EDP, Process control, hospital systems, investment goods, etc.) Also willing to start international operations.

Write to Box No. N03-353830 to Publicitas 4010 Basle, Switzerland

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide.
01-637 7604

CONTROLLER

Saudi Arabia to £18,000

Our client is a substantial American company which, with Saudi Arabian partners, is establishing a manufacturing plant in Dhahran, producing consumer durable goods for local and export markets.

The position of controller carries responsibility for all financial control and reporting procedures including establishing and developing systems, staffing, reviewing financial plans and maintaining costing records.

Applicants must have factory accounting experience, preferably at shop floor as well as supervisory levels. An accounting qualification is desirable as is prior overseas experience preferably with an American manufacturing company.

Please send brief personal and career details, in confidence to Douglas G Mizon (Ref FT/421/M) at the address below.

Ernst & Whinney Management Consultants
57 Chiswell Street, London EC1Y 4SY

SENIOR BANKING POSTS IN FIJI NATIONAL BANK OF FIJI

requires the following Senior Managers for a three year contract:

Manager Administration

Manager Suva Branch

Senior Manager Lautoka with area responsibilities

Applicants should have not less than ten years managerial experience and an extensive knowledge of general banking, advance appraisals and control, preferably used to working in a multi racial society. The positions would probably interest retired managers in their 50s with overseas experience.

Terms of Service

Salary Fiji dollars 20,000

Expatriate allowance Fiji dollars 10,000

Gratuity 37½ per cent of salary paid annually

Generous leave terms with mid tour leave and air passages to United Kingdom or equivalent at business class rates. Subsidised housing and car provided. Medical and educational benefits.

Applications marked "National Bank of Fiji," should be forwarded before 10th September to:

Fiji High Commission
34 Hyde Park Gate, London SW7 5BN
United Kingdom

Interviews arranged for suitable candidates in London and Edinburgh

BEC

We are seeking a junior Deposit Dealer to complement our present dealing staff. The successful candidate will be 20-25 years old and will have had some exposure to the Eurocurrency deposit market.

A knowledge of French would be useful.

Applications in writing, with curriculum vitae, should be sent to the Personnel Department.

BANQUE EUROPEENE DE CREDIT S.A.
100 boulevard du Souverain,
B 1170 Brussels (Belgium)

LARGE AMERICAN BROKERAGE FIRM

seeks person experienced in

Physical or Futures Markets

for its Paris branch to trade cocoa, sugar and coffee futures on the international markets

Send resume to Box A7607 Financial Times 10 Cannon Street EC4P 4BY

Banking Opportunities in Saudi Arabia

Foreign Exchange-Chief Dealer c. £25,000

Our client bank requires a senior dealer with more than 5 years experience to assume the role of Chief Dealer. The ideal candidate will be in his 30's and possess a proven track record in dealing in most currencies, spot and forward, and in deposits. Part of the job will involve marketing the banks services to existing and potential customers, and therefore an ability to communicate well at senior level is essential.

Assistant Branch Manager c. £25,000

Our client bank is seeking an assistant branch manager aged between 30 and 40 with proven experience, possibly gained in an overseas branch of a clearing bank. Applicants should possess an AIB or other professional qualification and be fully conversant with all aspects of branch banking especially in the area of documentary credits.

LJC Banking Appointments Ltd
170 BISHOPSGATE, LONDON EC2M 4LX
01-283 9953

ECONOMIST

THE REPUBLIC OF KOREA

Graduate required by The Korea Exchange Bank Head Office in Seoul experienced in speech writing in the English language on finance and economy, research and production of all types of written material relating to financial and business matters and the revision of various English manuscripts.

An excellent remuneration is offered, furnished accommodation, free travel for annual home leave, plus other attractive benefits.

Qualified applicants are invited to apply by sending a full curriculum vitae to:—

Mr. K. S. Lee, Regional Director
1 Old Jewry, London EC2R 8DU

INTERNATIONAL APPOINTMENTS APPEARS EVERY THURSDAY

COMPANY NOTICES

Damson Royalty Investments S.A.

IN LIQUIDATION

14, rue Aldringen, Luxembourg
R.C. Luxembourg b 17.193

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a general meeting of shareholders of the above named company will be held at its registered office, 14, rue Aldringen, Luxembourg, at 11.00 a.m. on September 11, 1981, with the following agenda:

1. To hear the report of the Liquidator.
2. To appoint Fiduciaire Generale de Luxembourg, members of Touche Ross International as auditors to the liquidation.
3. To fix the date, time and place for a new general meeting called upon to hear the report of such auditors, to deliberate on the result of the liquidation and to resolve upon the dissolution of the company.

Shareholders are advised that valid decisions can be taken by a simple majority of shares represented at the meeting. Shareholders may vote by proxy. In order to be valid, all forms of proxy must reach the company at 14, rue Aldringen, Luxembourg, not later than 3.00 p.m. September 10, 1981.

According to Luxembourg law no one may vote, either for himself or as proxy holder, for more than one fifth of shares emitted and two fifths of shares represented at the meeting.

Proxy forms are available on request at the Head Office of the company.

For and on behalf of Damson Royalties Investments S.A., in liquidation.

THE LIQUIDATOR

CITY OF BERGEN— US. $10,000,000 5½% 20 YEAR EXTERNAL LOAN OF 1964

HAMBROS BANK LIMITED hereby gives notice that, in accordance with the terms and conditions of the above loan, the redemption for 15th October, 1981, has been effected by the purchase of US. $760,000 (nominal) and the under-mentioned bonds amounting to US. $44,000 (nominal) were drawn on the 13th August, 1981, for redemption at par. The outstanding balance after the 15th October, 1981, redemption is US. $2,688,000 (nominal).

The drawn bonds may be presented to HAMBROS BANK LIMITED, 41 Bishopsgate, London, EC2P 2AA, or to the other Paying Agents named on the Bonds.

Bonds surrendered should have attached all unmatured coupons appurtenant thereto. Coupons due 15th October, 1981, should be detached and collected in the usual manner.

For payment in London, bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US.$1,000

757	872	1009	1039	1180
1389	1713	2165	2430	4017
3052	5256	6592	7008	7226
7338	7339	7391	7462	7873
8046	8056	8075	8090	8106
8297	8514	8592	8607	8737
8885	8963	8972	9002	9008
9126	9244	9308	9487	9521
9646	9665	9863	9989	

HAMBROS BANK LIMITED
26th August 1981

T.C.H. INVESTMENTS N.V.

NOTICE IS HEREBY GIVEN to holders of Bearer Depositary Receipts each representing one-tenth of one Class "A" share of T.C.H. Investments N.V. that after the declaration of a dividend at the Annual General Meeting of Shareholders of T.C.H. Investments N.V. held in Curacao on 26th August, 1981, holders of Bearer Depositary Receipts are entitled to a net dividend of U.S.$27.70 per Receipt, payable as from 4th September, 1981 at the office of Pierson, Heldring & Pierson N.V., Herengracht 214, Amsterdam against surrender of dividend coupon nr. 8.

CARIBBEAN DEPOSITARY COMPANY N.V.

Willemstad, Curacao.
27th August, 1981.

BEARER DEPOSITARY RECEIPTS ISSUED BY MORGAN GUARANTY TRUST CY. OF NEW YORK REPRESENTING SHARES MITSUBISHI ELECTRIC CORPORATION

Cash distribution of $1.76 per "Depositary Share" is payable on July 13, 1981 upon presentation of coupon No. 21 at:

MORGAN GUARANTY TRUST CY OF NEW YORK
—West Broadway, 30, New York
—Angel Court, 1, London
—Avenue des Arts, 35, Brussels
—Place Vendôme, 14, Paris
—Bockenheimer Landstrasse, 8, Frankfurt/Main
CREDITO ROMAGNOLO, Via Armorari, 14, Milan
BANK MEES & HOPE, Herengracht, 548, Amsterdam
CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE, Grand Rue, 103, Luxembourg

at designated rate, less applicable Japanese withholding tax, determined by the country of residence of the presentor and any other applicable tax.

Net amount:
$1.49 (15% Japanese tax deducted)
$1.41 (20% Japanese tax deducted)

BANQUE FRANCAISE DU COMMERCE EXTERIEUR

US$30,000,000 FLOATING RATE NOTES 1977-1984

In accordance with the terms and conditions of the above notes, the rate of interest applicable for the semi-annual period beginning August 26th, 1981 has been fixed at 19⅛%.

BANQUE INTERNATIONALE A LUXEMBOURG
Societe Anonyme, Trustee

PUBLIC NOTICES

METROPOLITAN BOROUGH OF BURY— £5 million Bills issued 26th August 1981 due 25th November 1981 at 13.25%. Applications £22m. Bills outstanding £5m.

TAYSIDE REGIONAL COUNCIL — £3,000,000 Bills issued 27.8.81 at 13¼% to mature 26.11.81. Total applications were £13,000,000 and there are 12,500,000 bills outstanding.

GENERAL APPOINTMENTS

International Real-Estate Development

A fast growing international real-estate investment and development company owned by Middle Eastern interests seeks the following senior management appointment:

FINANCIAL PLANNER

with capabilities in the areas of project and construction finance for:

Developing and managing short and long term financial plans;
Developing and monitoring cost/revenue budgets and cash flow systems;
Projecting operating and capital cash requirements;
Establishing and controlling the internal financial reporting structure and preparation of all financial reports and statements;
Financial analysis;
Establishing and managing banking transactions and relationships.

Candidates should be performance orientated individuals preferably with real-estate experience in Europe and/or the U.S.

The position is based in London.

An attractive salary and bonus package will be offered to the successful candidate.

Applications will be treated in the strictest of confidence.

Please address all replies with C.V.'s and other pertinent data to:
Box A7611, Financial Times
10 Cannon Street, EC4P 4BY

European Auditor.

West of Scotland base.
Salary £10,000-£13,000
(depending on qualifications and experience)

National Semiconductor is a world-leader in the development, manufacturing, and marketing of micro-electronic components. Operations have recently been expanded by the company's entry into the marketing of large computer systems.

The company is now seeking an experienced professional auditor who will be based at the company's plant in Greenock, the largest semiconductor manufacturing facility in Europe, and who will conduct financial, operational, and EDP reviews throughout the seventeen European locations. The position, which provides about 65% travel in Europe, involves interaction with senior international management and requires imagination and initiative in the planning and carrying out of reviews.

The management style, like the technological and marketing environment, is fast-moving and responsive. Responsibility will be to the Audit Manager, who is based in Bavaria, and prospects are excellent for progress within the Audit Department or into senior line positions within Europe.

Aged 26+ you should be a qualified accountant, ideally with a degree and second European language. We would like to see around two years' post-qualification experience, preferably in an international environment. EDP audit experience would be a major plus.

Please apply with full CV to:

National Semiconductor
Jobs of National Importance

Mr Llew Aviss
Personnel Manager
National Semiconductor (UK) Ltd
Larkfield Industrial Estate
GREENOCK PA16 0EQ

Interviews will be held in Greenock or London.

PERSONAL

HOW DO YOU MANAGE? — A question often asked of MHA. How has it been possible to open one new Home for the elderly every year for 35 years? The basic answer is "by legacies." Will you also remember MHA in your Will to help us continue the good work? Please write for a leaflet telling the MHA story of one man's vision becoming a nation's caring: Methodist Homes for the Aged, 11, Tufton Street, Westminster, London SW1P 3QD.

TRAVEL

FIRST-CLASS FLIGHTS at down-to-earth prices. Get the VIP treatment you deserve from the long-haul business travel experts. 01-439 5173. St. James Travel (AIR Agents).

Project Accountant

Marathon Oil U.K., Ltd. has an opening for a London based Project Accountant to work within the project accounting group involved in the development of the Brae Field.

This position is within the Project Controller's Organisation; responsibilities will consist of providing liaison between Accounting and Project Management: advising and participating in the initiation and development of future project related computer systems; developing and documenting accounting policies; involvement with project audits and audit reports; and other special projects.

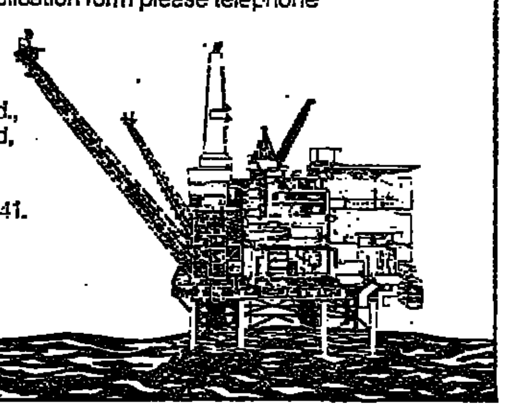
Strong initiative and communication skills are expected of the successful candidate. Five years post qualification experience gained in the petrochemical industry is desirable. A professional accounting qualification would offer wider scope in your choice of career development.

Salary and conditions of employment form an attractive package.

For further details and an application form please telephone or write with full c.v. to:

MARATHON

Elizabeth Lee,
Marathon Oil U.K., Ltd.,
174 Marylebone Road,
London NW1 5AT.
Telephone:
01-486 0222 ext. 2541.



CUT THIS OUT

If you are a Senior Executive you may need it one day, the day you suspect your job is at risk. The sooner you come to us the sooner you will be back in a new and probably better job (80% of our clients get higher salaries in their new jobs).

If it has happened already contact us without delay. No-one can help you better than Europe's most experienced (12 years') Executive Re-deployment organisation.

We specialise in probing the unpublished job market (50% of our clients take up unadvertised posts).

Enquire how your employer can include *Outplacement services* in your severance arrangements.

For a review of your career potential in the current market telephone for a meeting with one of our Senior Counsellors.

Percy **COUTTS** & CO. LTD
01-839 2271
140 Grand Buildings,
Trafalgar Square,
London WC2N 5EP.

GREATER LONDON ENTERPRISE BOARD

The Greater London Council is setting up a new company, the Greater London Enterprise Board, to spearhead the fight against unemployment and to rebuild London's economy. The company will initially be funded by the Council and will have the objectives of:—

(i) aiding the development of new businesses, sponsoring new approaches such as co-operatives and helping existing firms to expand;
(ii) investing in new and growing enterprises and actively seeking new investment opportunities, including science and technology parks;
(iii) finding and developing sites for industrial and commercial enterprises, refurbishing to modern specifications existing outmoded buildings and promoting the supply of nursery and genesis units.

The Company will act in co-operation with Trades Unions, the private sector, the co-operative movement, the universities and other sources of new business initiatives.

The Board will include a Chairman/Chief Executive and up to three full-time and five part-time members. All salaries will be negotiable, but that of the Chairman/Chief Executive is not likely to be less than £25,000.

The Council invites men or women with appropriate experience and qualifications to write in confidence, indicating interest and enclosing a curriculum vitae, to Sir James Swaffield, Director-General and Clerk to the Council (reference DG/AE/P, Tel. 01-633 1528/6661), at The County Hall, London SE1 7PB, by 18 September 1981.

The Council would also welcome suggestions as to names which might be considered.

All enquiries and suggestions will be treated in confidence.

The Council reserves the right to make no appointment or to appoint by invitation at any stage.

CJA
RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

Challenging appointment for self-starter with scope for advancement within the Group

CJRA CITY

ACCOUNT EXECUTIVE

LEADING AMERICAN BROKERAGE HOUSE

Due to expansion, a vacancy has arisen for an Account-Executive, to work in the commodity markets. The successful applicant, aged 25-35, must have experience in a commercial house and a disciplined and positive approach to work. A high level of self-motivation and communication skills are essential. Excellent benefits include contributory pension and free life assurance. Applications in strict confidence under reference AE13574/FT will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

Company Tax Specialist

We have a career opening in our taxation and corporate structure department at Shell Centre for a tax specialist with practical experience in U.K. corporate tax. While initially the work will be concerned mainly with the submission of U.K. corporation tax computations and handling technical problems arising in connection with them, involvement in more complicated and challenging matters will follow as experience is gained. Opportunities could arise later for a transfer to work on foreign taxes, either in London or overseas, or to other finance divisions.

The successful applicant will be either a qualified accountant or a fully trained Inspector of Taxes and will have at least two years' post-qualification experience of company taxation. Preference will be given to candidates who are under 30 and hold a university degree.

A salary will be offered commensurate with age and experience. In addition we offer a wide range of company benefits. Please write or telephone for an application form to:

Shell International Petroleum Company Limited, Recruitment Division (FT) (PNEL/23), Shell Centre, London SE1 7NA. Telephone: 01-934 4115.

Shell

David Grove Associates
Bank Executive Recruitment
60 Cheapside London EC2V 6AX
Telephone 01-236 0640

SYNDICATIONS MANAGER — BAHRAIN	Excellent Tax Free Salary
EUROBOND SALES EXECUTIVE	£25,000
SENIOR FX DEALER	c. £15,000
SENIOR CREDIT ANALYST	c. £12,000
ASSISTANT DOCUMENTARY CREDITS MANAGER	c. £12,000
CREDIT OFFICER	c. £10,000

Please contact Joan Menzies on 01-248 1858/9 in respect of the above appointments

BUSINESS DEVELOPMENT OFFICER	£15,000+
A.C.A. (MANAGEMENT ACCOUNTS)	£12,000 + car
CREDIT ANALYST / JUNIOR LENDING OFFICER	£ Market rates
RESEARCH ANALYST (INVESTMENTS)	£9,000+
DOCUMENTARY CREDITS CLERK	£8,000+
JUNIOR CLERK (INVESTMENTS)	£5,000

Please contact Norma Given on 01-236 4441 in respect of the above appointments.

Advertising on behalf of DAVID GROVE ASSOCIATES, 60, Cheapside, London EC2.

NURSING APPEAL DIRECTOR

The Royal Surrey School of Nursing Appeal Committee is seeking an honorary appeal director to promote a fund-raising campaign to raise some £800,000 to build a nursing school in Guildford. The former director has retired on leaving the district. This is a voluntary post requiring initiative, integrity and a desire to help the community. Write for details to the Chairman.

ROYAL SURREY SCHOOL OF NURSING APPEAL
St. Luke's Hospital,
Guildford GU1 3NT

CHAMBER OF COMMERCE W1

requires

CERTIFICATION MANAGER

English/perfect Arabic essential, experience at least three years, must also be familiar with Anglo-Arab trade

The Chamber also requires

BILINGUAL SECRETARY

Arabic/English read, written and typed speedily. Salaries negotiable
Write Box A7603, Financial Times 10 Cannon Street, EC4P 4BY

MERCHANT BANKING
Assistant to the Senior Bank Accountant

Hill Samuel & Co. Limited, one of the country's leading merchant banks, has a vacancy in their City offices for an Assistant to the Senior Bank Accountant.

Applicants, who should be educated to 'A' level standard, will ideally have had 5 years' successful experience in a banking/financial environment, where they have had exposure to financial/management accounting and foreign exchange.

The successful applicant, who will report to and work closely with the Senior Bank Accountant, will be responsible for a wide range of support activities including the preparation of budgets and projections, assisting in systems implementation, gaining an indepth knowledge of all sections within the Bank's accounts area – particularly those concerning management accounting, as well as carrying out various ad hoc assignments.

Essential qualities in the selected candidate must be numeracy, the ability to think creatively, to communicate at all levels from directors downwards and to work effectively under pressure.

An attractive starting salary will be negotiable and benefits include subsidised mortgage and loan facilities, non-contributory pension scheme and free BUPA.

Please apply in confidence to: Mrs. Anne Dunford, Personnel Officer, Hill Samuel & Co. Limited, 100 Wood Street, London EC2P 2AJ.

HILL SAMUEL & CO. LIMITED

TOP FINANCIAL PUBLIC RELATIONS CONSULTANT
required for The Good Relations Group

The Good Relations Group is one of the country's leading public relations consultancies.

We have grown by over 100% in the last two years, and our client list is one of the most impressive in the business.

The quality of our consultants is our greatest asset, and we believe they are the best in their field.

Good Relations City are inviting applications from consultants who feel they are among the best. If you fall into this category, and we agree – there is an immediate position for you in this company.

Suitable candidates are likely to be earning in excess of £18,000 per annum.

Please write in confidence to:

David Lewis Esq
Deputy Chairman
Good Relations City Limited
28 Bedford Square
London WC1B 3EG

Commodity and Currency Futures Dealer

Inter Commodities Ltd., a leading private U.K. futures brokerage company, requires an additional senior trading desk executive. Applicants should have several years experience in futures market trading and be capable of dealing for private, institutional and trade clients on all U.K. and U.S. exchanges. Specialist knowledge in London Metal Exchange business could be an advantage. Age group 25-35.

Salary and other benefits will be commensurate with experience and ability.

Applications, with C.V., should be sent in confidence to C.J. Sharples at the address below.

Inter Commodities Ltd.,
3 Lloyds Avenue,
London EC3N 3DS

INTERCOMMODITIES LIMITED

SENIOR DEALER

A large expanding U.S. bank is seeking to recruit a Senior Dealer to develop further its *dealing operations in London*. The ideal candidate will be under 40 years of age with a minimum of five years' active dealing experience and a proven track record.

A competitive salary will be offered commensurate with experience, plus fringe benefits normally associated with the London market.

Applicants should write in complete confidence to:

Box No. TS/399
REYNELL & SON LIMITED
30/32 Fleet Street, London, EC4
Advertising Agents

CREDIT ANALYST c. £15,000
International bank requires analyst, experienced in UK corporate lending with some exposure to international lending.

FX DEALER £ Neg.
Mature dealer, actively engaged in FX/deposits markets, sought by well-respected bank.

DOC CREDITS c. £9,000
International bank seeks ambitious person experienced in all aspects of doc. credits.

CREDIT ANAYLST c. £9,000
Excellent opportunity for banker (25+) to fill autonomous role in established international bank.

For further details contact Gordon Brown

ALANGATE BANKING RECRUITMENT CONSULTANTS
78 QUEEN VICTORIA STREET, LONDON EC4
01-248 6071

COMPANY SECRETARY

PUBLIC PROPERTY COMPANY

A Company Secretary is required for a substantial public company listed on The Stock Exchange, London, which is principally engaged in property investment and development.

The appointee will be responsible inter alia for all of the Group's secretarial and legal matters, personnel and general administration with particular emphasis on the Group's financial arrangements. The Secretary will be responsible for monitoring the existing and negotiating new banking facilities.

The successful candidate is likely to be aged 35-45, with extensive experience of property investment and finance both in the United Kingdom and abroad and is likely to be presently employed as Secretary or Assistant Secretary of a quoted company.

Remuneration will be circa £15,000 per annum together with benefits including a company car appropriate to such a position.

All applications will be dealt with promptly and in the strictest confidence.

Please apply in writing giving full career and salary details to:—

The Company Secretary
Box A.7609, Financial Times
10 Cannon Street, EC4P 4BY

Guy Butler (International) Ltd.
International Money Brokers
require a

Telex Broker

With at least 1 year's experience in the International Currency Deposit Market.

Salary negotiable and there are the usual city benefits.

Please write giving full details of experience to date to:

Miss Maureen Ormerod.
Adelaide House, London Bridge,
London EC4R 9HN.

BUTLERS
Guy Butler (International) Ltd.
A member of the Sime Darby Group.

GERALD QUIN, COPE & CO. LIMITED
PRIVATE BANKERS

Applications are invited for the position of

TRAINEE BILL MANAGER

from persons of intelligence and mathematical skill aged between 20 to 30. Candidates for interview should possess a minimum of 3 years Discount or Bill Market experience and should have a minimum of 6 "O" levels, to include mathematics. Salary according to age and experience. Please submit curriculum vitae to the Chairman for interview at 19/21 Moorgate, London EC2R 6BX

GENERAL MANAGER

REQUIRED FOR A SMALL COMPANY BASED IN SURREY

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ADVERTISING AND MARKETING

BY MICHAEL THOMPSON-NOEL

Television commercials now cost an average of around £35,000 to produce, and advertisers are dismayed.

Production costs: why advertisers are annoyed

AUGUST, particularly a recession-dogged August, is such a quiet month for marketing that *you could hear a church mouse* weep. Yet according to the television companies, the autumn selling season that is about to start will be hectic in the extreme, which means that when marketing companies are not studying their media budgets and uttering quiet cries of horror, they will be looking in alarm at another worrying area: the production costs of their TV commercials.

This is a vexatious issue for most major advertisers, and for small ones besides, for as Keith Jacobs, marketing director of Birds Eye, the Unilever subsidiary, told a radio and television conference in Monte Carlo earlier this year, advertisers are worried that agencies and production houses have become much too greedy, and have buttressed themselves with mark-ups all along the line.

Birds Eye expects to spend £6m or thereabouts on ITV this year, out of the estimated £30m that Unilever as a whole will spend.

According to Mr Jacobs, the average cost of a Birds Eye television commercial in 1970 was 7,000. In 1975, it was £13,800. Last year, although there had been no change in style, the average cost had been a little over £50,500, with a top price of £80,000.

Intelligent discussion of the escalating cost of producing TV commercials was provided recently by Viewpoint, the marketing journal of the Independent Television Companies' Association.

It looked at the problem from four points of view: from that of the advertisers, who feel that production costs have not been controlled professoinally; from that of the production companies, who argue that their own costs have risen sharply and that they must maintain margins in *what are difficult* times; from that of advertising agencies, who "understand both points of view, accept some of the blame for lack of adequate cost control, and are now looking at ways and means of finding solutions;" and from that of the television companies themselves, who, according to Viewpoint, have a vital interest in how much advertisers pay for their commercials, are anxious to attract more buyers of commercial airtime (especially with the advent, next autumn, of Channel Four), and who in many cases offer commercial production services of their own.

> ❛ Seldom is there a reconciliation after filming between estimated and actual costs. How do we know if overtime was really necessary, or if 8,000 feet of film was actually used?❜

First the advertisers. Viewpoint quotes John Niell, managing director of Unipart, as telling the last Marketing Society conference that production costs were "exhorbitant," and that Unipart's Christmas campaign commercial had cost £21,000, compared with a three-minute commercial made by its own people for just £300.

(How the two compared is anybody's guess, but then it is a truth, and not a trivial one, that the cost of a commercial is not an indication of its value; the agency world has never found it possible to establish a correlation between the craft cost of a commercial and its sales effectiveness.)

Viewpoint also quotes Mike Ford of Heinz as saying that there are too few cost disciplines on offer, and *that* commercials are now taking longer to make, partly the result of over-complicated scripts and choice of location; partly, he suspects, as a means of raising the production house's profit.

"Second, there is almost a *total lack of* cost accountability in agency TV departments. Seldom is there a reconciliation after filming between estimated and actual costs of production. How do we know, for example, if overtime was really necessary; or that the 8,000 ft of film stock quoted was used?" asks Mr Ford.

"Commission on production expenditure has been an important source of agency net profit, and there has been no incentive to control costs."

Advertisers, says Viewpoint, are looking for results, and looking for them fast.

Next, the production companies. Their view, says Viewpoint, is that they have fought to cope with increased costs in every area, from processing to transport, with *the main rises* occurring in film stock and technicians' fees.

Although the commercial-making business had been buoyant in 1979, work had slowed to a relative trickle, so that by June last year, it says, processing laboratories were handling 60 per cent less material than in June the year before.

"With high overheads and uncertainty about their next commission, production houses refused agency requests to cut down on their 30 to 40 per cent mark-ups — countering accusations of profiteering with a list of grievances ranging from com*plicated scripts* and *inaccurate* briefing to lack of time for proper quotes and inexperienced agency TV departments."

To illustrate the rate at which production costs have risen over the past five years, Ronnie Kirkwood, chairman of The Kirkwood Company, provided the Monte Carlo conference with figures produced by James Garrett and Partners.

These showed that between 1975 and 1980, a film director's daily fee rose from around £450 to £850 (+88 per cent); the daily cost of a basic floor crew rose from £425 to £1,750 (+311 per cent); the cost of a team of *set builders rose* by 288 per cent; the cost of studio-hire (a two-day build plus a two-day shoot) rose by 59 per cent; the cost of film stock and processing rose by 110 per cent; camera hire rose by 52 per cent; and so on.

Mr Kirkwood, says Viewpoint, estimates that production budgets are now the *equivalent of about 10 per cent* of the cost of a TV campaign, and that today the average cost of a TV commercial (excluding bulk prints and repeat fees) is in the region of £30,000 to £40,000.

How about the agencies? According to Chris Roose, creative director of Masius, there *are* ways of keeping production costs in check without compromising standards, so long as each job is properly planned.

> ❛ The sensible approach is to write a script that doesn't need £50,000, or even £30,000, but which is nevertheless arresting, intelligent, and relevant.❜

Agencies, he says, need someone who really knows about film production and production costs—someone who has the muscle and clout to negotiate hard with production companies and artistes' agents and who has the experience to point out, most usefully in advance, where a script has extravagant or unnecessary costs built into it:

"There is no reason, for example, why an agency should not put together the production of two or more commercials for different clients within one shoot. In this way, two commercials which might demand two days' shoot each could be shot in three days for the pair, *with a proportional reduction* in costs, not to mention the extra clout a package gives in negotiating with the production company over its mark-up."

It is no use writing in palm trees and Ferraris, he says, if the budget will only stretch to Clapham Common. A £50,000 idea that's been trimmed, cut and pummeled into a £30,000 budget gives itself away.

"The sensible approach is to write a script that doesn't need £50,000, or even £30,000, but which is nevertheless arresting, intelligent and relevant. That may mean only one set or location. It may mean few or no actors. It may mean no original music. It may mean no special optical effects. It may mean being terribly simple."

As for ITV, it is only too well aware that from the autumn of next year it will be faced with a minimum of an additional 200 minutes of commercial airtime per week to sell for Channel Four, and that its over-riding need is to raise the number of advertisers.

As Young and Rubicam said last week: "Before use of the Fourth Channel can be incorporated into the plans of low-budget advertisers, agencies and production companies will need to find a solution to the *problem* of television's high production costs.

"It is unlikely that many advertisers will be prepared to spend £30,000 or more on the production of a 30-second commercial, no matter how appealing the prospect of a move to television may otherwise seem."

AGENCIES & MEDIA

Lesney making up for lost time

LESNEY PRODUCTS, the Matchbox toy group, is to beef up its marketing programme this autumn with a television advertising budget of £550,000.

The campaign marks its heaviest marketing push ever. In the year to January 25 1981, Lesney incurred pre-tax losses of £10.9m, against £3.6m previously. It also incurred depreciation and tooling costs of *£6.14m (£8.10m)*.

Significantly for a toy manufacturer, Lesney now admits that in the past, its weight of marketing support was not nearly adequate to match its products or its R&D.

Richard Taylor, its new director of group marketing, says Lesney has taken a close look at itself, decided it has a good product range, and must market itself aggressively.

"*When* you are in fast-moving consumer goods you have to promote yourself aggressively. We're not doing anything revolutionary: just catching up on previous lack of marketing opportunism"—an unusually brave admission, by UK standards.

Some of its rivals spend heavily. In the year to March 31 1981, Palitoy alone spent £1.23m on advertising, according to *MEAL*.

The agency is Colman and Partners, whose current total billings are put at £13m.

In the period to last January 25, Lesney cut its international workforce from 9,213 to 5,470 (increasing sales per employee by 42 per cent to £16,464), and reduced its stocks and UK manufacturing/warehousing capacity by half. It also sold surplus plant and cut borrowings from £42.6m to £26.4m.

Cook for B&B

THOMAS COOK has switched its £2m retail travel agencies account (it has 175 UK shops) from Ted Bates to Benton & Bowles—a move that brings to an end, for now, the run of new-business gains racked up by Britain's fastest-growing major agency, Allen Brady & Marsh.

ABM, which earlier this month won the £10m Milk Marketing Board account to take *current annualised* billings *to a* claimed £62m, was one of five agencies pitching for Thomas Cook.

The other losers, apart from Bates, were McCann-Erickson, and Young & Rubicam.

● SAATCHI & Saatchi is to handle the launch of Associated Newspapers new Sunday newspaper, due early next year. The promotional spend could total £3m. *Saatchi already handles* the New Standard, plus theme and circulation advertising for the Daily Mail.

Etcetera

● OGILVY & MATHER International Media, a new company, opens next week with billings of £10m from current O&M clients. It will offer planning, buying and other services internationally, with access to OM's 109 offices in 34 countries.

Now you see it

IT'S SUITABLY ironic, but the three trade journals that serve the advertising and marketing *communities*, Campaign, Marketing, and Marketing Week, are engaged in pushing and shoving over what sound like contradictory claims on the readership survey front.

Each, of course, claims leadership in its own neck of the woods. But in a full-page ad in today's issue, Marketing Week tells its readers: "It's amazing what some people can do with figures — especially figures which are only good in parts."

This is in reference to a recent survey, commissioned by Campaign, by Mass Observation (UK), which in readership terms portrayed Campaign in a rather better light than Marketing Week—in apparent contradiction to a similar survey carried out by NOP Market Research for . . . Marketing Week.

Needless to say, the disagreement arises because of a difference in approach to the defined market universe.

But it's a rum do if the three *trade journals of the* advertising and marketing scene cannot get to grips with their own market data.

TECHNOLOGY

EDITED BY ALAN CANE

Bubble memory in death throes?

BY LOUISE KEHOE in California

THE DEATH knell for bubble memory as a major technology for data storage was sounded this week in Santa Clara, California, with the announcement by National Semi-conductor that it is discontinuing production of the devices.

National's decision comes *just two months after* Texas Instruments said that it was dropping out of the bubble memory market.

Both companies ploughed millions of dollars into the development of what turned out to be very tricky technology, but the cost of development has proved too high for the potential return from a shrinking market.

Alternative memory technologies such as disc stores, optical video-discs and non-volatile semi-conductor memories have taken over many of the applications *which were expected to go to* bubble memories by virtue of their fabrication costs and higher storage density.

National said that it was withdrawing from the market immediately. Charles Sporck, President and Chief Executive of National said: "We recently announced a review of capital spending and other expenses during this period of slow semi-conductor business activity. To keep spending in line with sales, and since the bubble memory business is not projected to reach previously anticipated levels, National is discontinuing production of bubble memory devices."

The corner

National sales of bubble memory have been under $1m annually, he added.

Pierre Lamond, National's Technical Director, said: "Especially at a time like this, we assess everything very often. We recently reassessed the opportunities in bubble memory compared with other investments."

As recently as June, Lamond had been optimistic about the future of the bubble memory business. Although he admitted then that bubble *memory was not yet* profitable, he had hoped that it would turn the corner within a few months. This was not to be.

Now there are only two U.S. makers of bubble memory left, Motorola and Intel. Motorola had a technology exchange agreement with National through which, *according to Motorola, it has* already obtained production details of National's 256K and one megabit bubble memory designs and those of the key controller devices. Motorola is *beginning to produce more* quantities of bubble memory and expect to be selling some parts by the end of the year.

"We still think there is a viable market," said Len Call, *Bubble Marketing Manager*, at Motorola. "Our expectations for bubble memory have never been as huge as other people." He projects a $225m to $275m U.S. market for bubbles by 1985.

Military applications of bubble memories will be significant according to Intel. 1. Bubble memories are more rugged than alternative types of data stores, and can withstand the harsh environment that military equipment might encounter.

Intel executives were still formulating their response to the National announcement, but the company is expected to stand firm behind its products plans for bubble memory. Intel has recently put additional funds —"millions of dollars"—into expanding its production of the product.

There was still some hope for bubble memories, suggested Tom Holland, a researcher at Data Quest who is conducting a market survey of bubble memory.

For some applications in which systems are subjected to vibrations and temperature changes such as in aircraft, the bubble memory will still be the best solution, he believed.

Dark horse

According to Holland, Japanese semiconductor makers funded by Nippon Telephone and Telegraph (NPT) are developing bubble memories for use in communication terminal equipment. He expects Fujitsu to introduce a complete memory system built around bubble devices in the next two months. Hitachi is also working on bubble memories he reports.

The dark horse in the bubble memory field, is IBM. For many years their researchers have been making bubble memory devices, some of them in advance of the technology used by merchant suppliers. But IBM has still to use a bubble memory in any of its products.

No confidence

Some industry observers expect IBM to use bubble *memory soon,* although the computer giant is characteristically secretive about its plans.

Were IBM to incorporate a bubble memory in one of its data processing products this could resurrect technology from its grave. For the moment, however, confidence in the future of bubble memories is at an all time low.

Dick Clover, General Manager of Intel Magnetics, one of the last two in the U.S. making bubble memory.

Matrix printer

A RAPID DOT matrix printer introduced to the European market by *the OEM Division of* Burroughs Machines is claimed to be suitable for many general-purpose and telecommunications duties where a line printer would previously have been used.

Known as the SP210, it offers bi-directional printing at 230 characters a second with 400 cps tab speed. The character matrix is seven by nine, with descenders and underlining. Line spacing can be switched to six or eight lines an inch and the printer can handle six-part forms up to 17 in wide.

Other features include 132 print positions and soft vertical format control. The *machine* prints 96-character ASCII and 13 different 96-character national sets selected by jumper leads. Optional 128-character to 192-character Japanese, Hebrew and Korean sets are also available. The SP210, which has a parallel interface, is manufactured in Scotland. Burroughs OEM Division is on 87 70545.

..POINTERS..

Maps from aerial pictures

FOR PRODUCING maps from aerial photography, Meridian *Airmaps is installing* a Data General Nova 4X computer to drive five Swiss-made stereo plotting instruments. The computer has been supplied by Grand Metropolitan Systems, which is also writing the software for accounting functions to be processed by another Data General minicomputer.

The installation is expected to save 30 per cent or more of the time normally taken in producing maps from aerial photographs. The Swiss plotting system, driven by the scientific software in the computer, enables the operators to produce three-dimensional surveys for local authorities, public utilities and government departments at home and overseas.

Stockpiles of coal, sea defences and earth-moving requirements for motorway construction are typical examples of subjects suitable for digitally-processed measurement.

Computerising the system will have many advantages, says Meridian. Among them will be ability to assemble stored data automatically instead of having to compile exisiing material. The computer can produce 999 standard map symbols, from a swamp to a forest, on demand.

Conductive inks

MEMBRANE SWITCHES—also known as touch switches—comprise two adjacent flexible conducting surfaces which are pressed together by light finger pressure to make an electrical contact.

Specifically for the produc*tion of* these switches, Johnson Matthey Chemicals has developed two new silver-based conducting inks with rapid drying times which are claimed to be especially suitable for high-volume production.

The need for both *toughness* and flexibility on the surfaces rules out the use of nickel foils, so sheets of polycarbonate and polyester film, printed on their mutually adjacent surfaces with a *silver ink or print,* are normally used.

JMC's new products are designed for the specific purpose of forming very thin yet highly conductive surfaces on plastics substrates, giving a claimed 15 per cent cost saving over other conductive inks *currently available.*

JMC MH 1515 is a rapid-curing silver-based ink claimed to be suitable for use in membrane switches where severe creasing is likely to occur in the substrate material.

Soyabean drier

CONTINUOUS production of high-protein soyabean meal requires that the unwanted fibre contained in the hulls be reduced by drying. It has been found, however, that a drying process that makes use of microwave energy and a partial vacuum instead of hot air releases the hull fibre more quickly and completely, with less energy used and less moisture lost.

What is claimed to be the world's first soyabean process drier using microwave and a vacuum has been built in the U.S. under an agreement between the McDonnell Douglas Corporation and the Aeroglide Corporation.

The microwave vacuum drying system, known as MIVAC, is a proprietary development by *McDonnell Douglas. Aeroglide* will carry out the manufacturing and marketing. The first prototype commercial-scale MIVAC drier will be used in a soyabean processing plant operated by the Continental Grain Company.

Microwaves are claimed to heat the soyabeans evenly from the inside out, thus eliminating the tempering bins and related building and inventory costs. *MIVAC also reduces the* total energy consumption and should be quieter, cleaner and safer.

An experimental unit operated by the U.S. Department of Agriculture in Georgia has demonstrated the feasibility of microwave vacuum drying for a wide range of crops, including peanuts and rice as well as soyabeans.

Further experiments have shown that produce sensitive to temperature, such as fruit, seasoning, dairy products and other foods, fabrics, pharmaceuticals and materials likely to be degraded by exposure to conventional drying methods can also be treated efficiently with the MIVAC system. McDonnell Douglas is on 04862 71311.

Call system

SPECIAL CHARACTERISTICS of a new warden call system announced by KRS Electronics of Shipley, include surge arrestors to prevent interference from electric storms, and an automatic changeover to battery power in the event of a mains failure.

The system incorporates a fixed master console and portable units, and is also designed to prevent noise affecting conversation.

It will operate over a two kilometre range without the need for line boosters, says the maker, because it is based on a low current 30 volt power source. More on Bradford 584115.

Better radar resolution

REAL-TIME airborne radar maps of the ground with a resolution claimed to be at least *10 times better than that of pre*vious tactical radar maps has been developed in the U.S. by the Hughes Aircraft Company.

With minor modifications, the company's AN/APG-63 radar has produced maps, as if seen from directly overhead, from ranges exceeding 100 nautical miles and with resolution down to 8.5 ft. The mapping was done with the F-16 advanced fighter capability demonstrator spon*sored by Hughes and the* McDonnell Douglas Corporation.

Hughes Radar Systems Group claims that this ground mapping capability is a significant achievement because, for the first time, a tactical radar enables an aircrew to distinguish ground targets only 8.5 ft apart from stand-off ranges and low altitudes unimpeded by bad weather.

High-resolution radar mapping uses incremental Doppler shift between adjacent ground points to produce synthetically results which would otherwise require an extremely large antenna.

This technique had been limited by the large size of computers needed to provide enough memory capacity and speed to produce the real-time imagery. But recent advances in digital signal processing technology have led to the development of computers small enough and light enough for airborne *tactical radar while* providing the requisite speed and memory capacity.

In the present production APG-63 radar the signal processing is done by a third-generation digital programmable signal processor (PSP) developed by Hughes. This permits processing instructions for radar modes to be added or modified by means of software changes instead of by the extensive and costly redesign of hardware.

'Hybrid' car for London

A "HYBRID" car in which an internal combustion engine is combined with a generator, rechargeable batteries and an electric traction motor has been developed by General Electric of the U.S. in collaboration with Volkswagen of West Germany.

Next month the car a converted Audi 5000, will be seen for the first time in London, along with a "hybrid" van, sports car and bus developed by Dragonfly Research (UK).

The Electric Vehicle Development Group claims that such "hybrid" vehicles have a promising future because they are economical, flexible in operation and capable of high performance on the open road.

LOMBARD

Silence from Downing Street

BY MALCOLM RUTHERFORD

MRS THATCHER has never been very good at Cabinet-making, whether of the real or the shadow variety. Indeed there is very little evidence that she has ever shown much interest in it. In September 1978, on the day before almost everyone expected Mr James Callaghan to announce an autumn general election, she was asked what her Cabinet would look like. She said she didn't know. It was something that she would have to work on, on the back of an envelope, during her campaigning trips around the country.

Limited

The only time she gave way to party pressure for change was when she replaced Mr Reginald Maudling as shadow Foreign Secretary with Mr John Davies, both of them now dead. "I am being asked," said Mr Maudling, "to make way for an older man."

She is now paying the price for her neglect. There have been rumours all summer—neither encouraged nor discouraged by No 10 Downing Street—that a Cabinet reshuffle is imminent. First the riots, then the Royal Wedding got in the way. Now it is possible that something may happen before the party conference in October.

Yet the room for manoeuvre is limited. One of the reasons is that Mrs Thatcher made a mess of her mini-reshuffle last January. By removing Mr Francis Pym from defence she has made it difficult to move him yet again, even though he is just as troublesome as Leader of the Commons. He is too powerful to be dismissed. It would also make a nonsense of defence policy to disturb his successor, Mr John Nott. Defence management requires some continuity.

Another reason is the Prime Minister's refusal to face up to the question of the party chairmanship. Lord Thorneycroft, the present incumbent, is 72. He told her late last year that the right time for him to go would be shortly before the forthcoming party conference and suggested that a likely successor would be Mr Pym. That advice was ignored—one of the first signs of a rift between Mrs Thatcher and the chairman. Subsequently, Lord Thorneycroft was asked to stay on a while longer, though the rift has continued.

The two most obvious successors as chairman are Mr Peter Walker and Mr Michael Heseltine. Mr Walker's political attitudes are suspect and so is—or was—Mr Heseltine's charisma. Anyway, the latter is now caught up in the inner cities: combining the role of chairman with another senior Cabinet job has not proved notably successful in the past, though it could happen.

A third reason why the room for manoeuvre is limited is that it is virtually inconceivable at this stage that Mrs Thatcher could move Sir Geoffrey Howe, the Chancellor of the Exchequer. He, even more than she, has become the symbol of her economic policies and the keeper of their orthodoxy. To move him now would look like a major shift, and there is no sign that Mrs Thatcher wants that.

Yet a Cabinet reshuffle that involved no change at the top of the Treasury, none at the top of the Foreign Office (Lord Carrington does not want to go anywhere else) and none at the top of the Home Office (where else could Mr Whitelaw go?) would look like pretty small beer. They are, after all, still the three great offices of state.

Knowledge

Even some of the smaller changes look less than tempting.

Sir Ian Gilmour, the No. 2 at the Foreign Office, has a great knowledge of the Middle East at a time when it matters. It would be strange to move Mr Walker from Agriculture when Britain has the Presidency of the European Community and the future of the common agricultural policy is up for grabs.

Of course, Mr James Prior could go to Northern Ireland, but, unless Mrs Thatcher behaves in an uncharacteristic fashion, it is beginning to look like another mini-reshuffle. Still, she might at least get on with it. It cannot be very pleasant sitting on those beaches and waiting for the call from the Prime Minister's office.

Copyright in the computer age

BUSINESS AND THE COURTS

BY AVIVA GOLDEN

THE PROPOSALs in the Green Paper on the reform of the law on copyright, design and performers' protection are of great significance. Copyright impinges on subject matters that range from the design of a detergent package to a newly-commissioned opera, from sparkplugs to a set of examination questions.

The Government's call for a public discussion on the issues in the Green Paper is likely to be taken up. Changes in legislation will affect not only those who invest intellectual effort or capital outlay in producing ideas. The accessibility, availability, and competitiveness of their initiative concern the man in the street too.

Several striking features emerge from the many proposals in the 18 chapters of the document. First, anomalies have arisen in the law since the Copyright Act was passed in 1956. These result, in the main, from the complexity of the industrial design legislation. Then, with regard to the computer industry, the Green Paper deals with issues that could not possibly have been anticipated by the legislators a quarter of a century ago.

Thirdly, an endeavour has to be made to assess and contain the impact of technology on existing law. The multiple copier, video cassette recorder and domestic tape recorder have so compounded the task of enforcing copyright protection in books, films and records, that the Green Paper has few counter-measures to propose. Indeed the task of policing these infringements has become so difficult that technology itself may have to devise a response: a "spoiler" system, for example, that would spoil tapes with unwanted noise.

But in lieu of these developments, or of quite different proposals to set up licensing and levy schemes, the Green Paper offers some tightening up of the remedies for acts of piracy. However, it concludes that "at the end of the day it may have to be accepted that there is in *fact no acceptable solution.*"

The opening chapter of the Green Paper stresses that the problems in the field of industrial design are of overriding commercial importance. In 1949, the Registered Designs Act was passed. It protected design by a system of registration, provided that the article was intended for mass production and contained features that "appealed to and were judged solely by the eye."

In other words, the Act allowed a manufacturer or designer to register his design if it contained some visual quality that would sway a consumer in choosing his particular article. A monopoly protection of 15 years was extended on registration; this was specifically not available to features that were "dictated solely by the function which the article . . . has to perform."

Then in 1956, the Copyright Act was passed. Through its protection for "drawings," irrespective of their artistic merit, it could also protect a design. Protection was extended too, to a three-dimensional article that resembled the drawing of its prototype. Section 10 of the Act stated, however, *that if a design was applied* industrially or was registered, copyright would be withheld in the field of the design.

When called on to interpret section 10, the judges held that designs which could not be registered for some intrinsic reason were not excluded by this section.* They could keep *their copyright protection intact* for normal term, plus 50 years. A design that was unregisterable, therefore, because it was too "functional," for instance, thus received far longer copyright protection than one which was registerable under the 1949 Designs Act. It was still thought that many ostensibly function designs could be registered under the Designs Act, and the definition of what was too "functional" for its purposes would not be a rigid one.

In 1968, another Act was passed, the Design Copyright Act, which allowed 15 years' copyright protection simultaneously with monopoly protection under the 1949 Act. And then in 1972, another judicial decision thoroughly narrowed the definition of a "functional" design.†

If the legislation, and its judicial interpretation, are *difficult to appreciate, the* anomalies at least are clear: A Copyright Act intended to deal primarily with artistic works now can apply to car silencers and cylinder heads, while an industrial design Act has no such application. As a result, a functional design, provided it originated as a "drawing," can *be protected* for 100 years or more, while an aesthetic design, industrially applied, receives a term of 15 years.

The main thrust of the criticism is that the Copyright Act has been widened unsuitably while the Registered Designs Act has been unduly narrowed.

The Government now proposes to abolish altogether the protection of purely functional design. It feels that it leads to industrial stagnation and puts Britain at a disadvantage against other countries which do not provide similar protection. The purely functional ought to be protected only by patents which protect inventiveness. Copyright protection for 25 years from first marketing would be extended to the general appearance of an article, insofar as it is not dictated by function.

Thus for compelling commercial reasons the Government has rejected the majority view of the Whitford Committee, which said in 1977 that if the law protected skill and labour in one field, it ought not to deny protection in another.

In its chapter on the interaction between copyright and computers, the Green Paper again highlights an area of commercial importance. As the costs of hardware fall, so the expense and investment in creating and maintaining software increase. Moreover, micro technology allows for a growing sophistication of software applications.

The Government accepts the view of the Whitford Committee that a computer program is probably protected under the 1956 Copyright Act.

A persuasive argument has been made out, however, that a computer program should not be equated with normal copyright material‡. A flowchart, which is a series of diagrammatic steps drawn up to aid the programmer, ought to be seen as like an industrial drawing, while a program is a "list of instructions addressed not to an eye-reading public but to a machine or a machine operator." Furthermore, programs are treated as confidential information rather than as publishable material, while a copyright term that can extend for a century is wholly inappropriate to computer development. In effect, the analogy is between software and industrially applied design.

However, the proposed legislation intends excluding from protection all designs that are "dictated solely by the function they are to perform." A program of flowchart would be excluded, too, as its structure is determined exclusively by its own inherent logic. This problem, in turn, could be overcome if "design" were defined as a "contrivance in accordance with a preconceived plan."§ That seems to contain more parallels to a computer program than a copyright definition intended for works of literature.

Again, computer technology may provide some answers to protect its own software. But these problems, as those in the field of industrial design, ultimately present the same need for a clear definition of terms, and a delineation of the rights that are in need of protection.

**Dorling v Honnor and another (1964) RPC 160. †Amp Inc v Utilux Proprietary Ltd (1972) RPC 103 HL. ‡Software as Intellectual Property by Leslie W. Melville. Computers and Law No. 24 (By permission of editor) §Shorter Oxford Dictionary, 3rd Edition.*

Hostess could charm Brighton

RACING

DOMINIC WIGAN

HENRY CECIL *rarely sends* runners down to Brighton and it seems significant that Warren Place has a solitary representative there today in the two-year-old Hostess, running for the Saddlescombe Maiden Fillies' Stakes.

Lester Piggott's mount, a compact filly by Be My Guest, set foot on a race-course for the first and only time to date at Nottingham seven weeks ago for the Executive Stand Stakes, in which her stable companion Baltimore Belle, was sent off a hot favourite.

Although she finished only sixth behind her stable companion, Hostess could hardly have shaped with more promise for a backward filly almost *unconsidered in the market.* Always well to the fore, she succeeded in galloping upsides the winner until lack of hard fitness told in the final furlong.

Sure to be all the better for that run, which saw her being given a kind introduction by Nigel Day, Hostess will take a great deal of beating in today's modest company. I hope to see her get off the mark at the chief expense of Michael Stoute's Princess Current, who finished a close fourth on her debut behind Hula Ruler in Sandown's 16 runner Raynes Park Stakes.

Chad's Gamble may have put up his best performance last season in lifting the George Robey Challenge Trophy off *8 stones-7 lbs,* and it is likely that he will be the one they have to beat in today's renewal of the 7 furlongs sprint.

Upper Lambourn trainer Nick Vigors has turned out a good proportion of his winners on this hillside course with its sea views and he must be hopeful *that both Hoodwink and Fool's* Testimony can add to his tally. The first named will surely land the Newhaven Selling Handicap, provided that he gets going earlier than he did at Newcastle last time out, while Fool's Testimony will lift the Rottingdean Handicap if Vigors has got him back to his best form of two seasons ago.

BRIGHTON

1.30—Pykestaff
2.00—Hostess**
2.30—Chads Gamble
3.00—Garter Star
3.30—Hoodwink*
4.00—Fool's Testimony***
4.30—Dark Monarch.

BEVERLEY

2.45—Fimi
3.15—Hymnos
3.45—Tom Dowdeswell
4.45—Prince No No.

ENTERTAINMENT GUIDE

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.50 The Wombles. 9.55 Jackanory. †10.10 Champion, The Wonder Horse. 10.35 Take Hart. 10.55 Cricket: The Sixth Test—England v Australia from The Oval. 1.07 Regional News for England (except London). 1.10 News. 1.25 Chigley. 1.40 Cricket: Sixth Test. 3.50 The skill of Lip-reading. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Scooby-Doo. 5.05 Newsround. 5.10 The Swish Of The Curtain, by Pamela Brown.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Now Get Out Of That.
6.55 Looking Good Feeling Fit.
7.25 Top of the Pops.
8.00 Citizen Smith.
8.30 It Ain't Half Hot Mum.
9.00 News.
9.25 The Four Seasons.
10.05 Kate, the Good Neighbour.
11.38 News Headlines.
11.40 Spike Milligan in Q9.

All Regions as BBC-1 except as follows:

Cymru/Wales—5.55 pm Wales Today. 6.20 The Liver Birds. 6.50-6.55 Newyddion. 12.10 am News and Weather for Wales.

Scotland—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 8.00-8.30 Butterflies. 12.10 am News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol) South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
3.55 pm Cricket: Sixth Test—England v Australia.
6.30 Open University.
6.55 F.A.C.T.S. Football Association Coaching: Tactics, Skills.
7.20 One Hundred Great Paintings.
7.30 Spine Chillers.
7.45 News Summary.
7.50 Roger Corman at The National Film Theatre.
8.30 Fame.
9.00 Folk.
9.30 "Mourning Becomes Electra."
10.15 Festival 81, from Edinburgh.
10.45 Newsnight.
11.30 Cricket highlights.

LONDON

9.30 am Larry the Lamb. 9.40 Cities. 10.30 The Last of Summer. 11.20 A Big Country. 11.50 Barney Google and Snuffy Smith. 12.00 The Ark Stories. 12.10 pm Get up and Go! 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.30 Jonathan Dimbleby — in Evidence—The Bomb. 3.45 The Andy Williams Show. 4.15 Two Crows from Tacos. 4.20 Survival. 4.50 Sierra.

5.45 News.
6.00 Thames News.
6.30 "One More Train To Rob," starring George Peppard.
8.30 Rule Britannia.
9.00 Spearhead — In Hong Kong.
10.00 News.
10.30 Spearhead — In Hong Kong (continued).
11.30 pm Take Six.
12.00 What The Papers Say.
12.15 am Close: Sit up and Listen with Professor Archie Roy.

All IBA Regions as London, *except at the following times:*

ANGLIA

9.30 am Sesame Street. 10.30 Welcome To The Ceilidh. 10.50 Joe 90. 11.20 Alphabet: The Story of Writing. 11.55 Wattoo Wattoo. 1.20 pm Anglia News. 3.45 The Electric Theatre Show. 4.20 Vicky The Viking. 4.45 Little House On The Prairie. 6.00 About Anglia. 6.35 Crossroads. 7.00 TV Movie: "Feeler." 8.25 Bygones Encore. 11.30 Me And My Camera. 12.00 Music At Harewood. 12.30 am The Living World.

SCOTTISH

... 4.45 Sêr. 5.15-5.20 Ocean Breeze. 6.00 Y Dydd. 6.20-6.45 Report Wales.

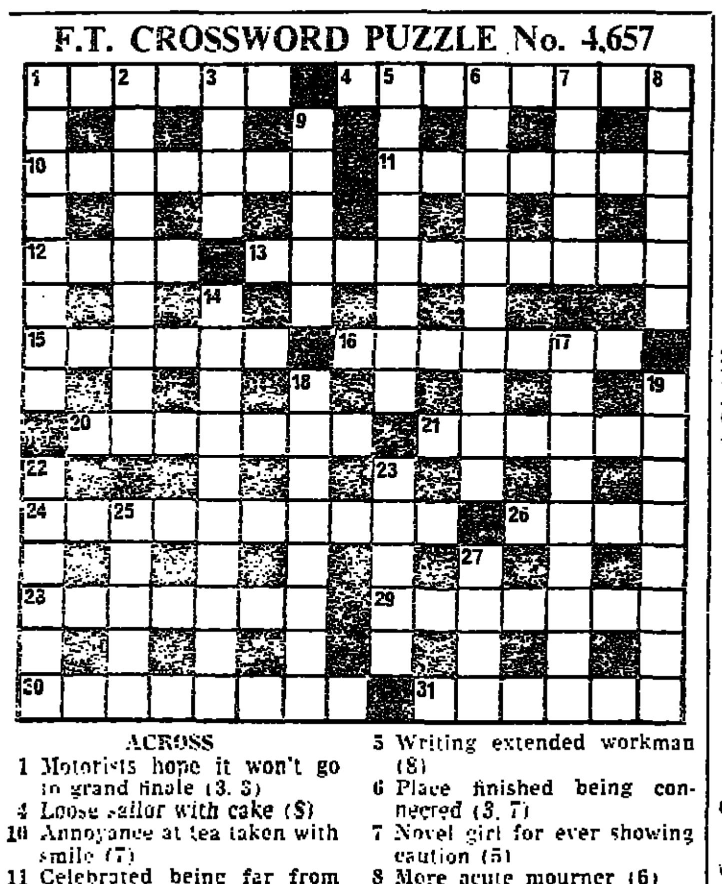
9.55 am Simon In The Land Of Chalk Drawings. 10.00 Hands. 10.25 How The West Was Won. 1.20 pm News Headlines and Road and Weather Report. 3.45 The Entertainers. 4.20 Little House On The Prairie. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today/ Festival '81. ...

(S) Stereophonic Broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Tony Blackburn with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Paul Gambaccini ...

F.T. CROSSWORD PUZZLE No. 4,657



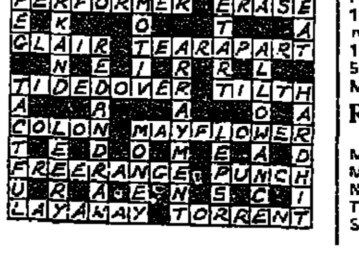
ACROSS

1 Motorists hope it won't go in grand finale (3, 3)
4 Loose sailor with cake (8)
10 Annoyance at tea taken with smile (7)
11 Celebrated being far from clever (7)
12 Sea hard to fathom (4)
13 Part of army not accommodating Black Bess, presumably (5, 5)
15 Use horn (plus two rings) excessively (3-3)
16 Last Cockney Derby runner to confirm (7)
20 Boss on road to progress (7)
21 Silver disguised neat relation (6)
24 Midshipman's objective is difficult to miss (4, 6)
26 Put up with speculator (4)
28 Wrong church about to open (7)
29 Mean to study communication (7)
30 Composition of a street I vary (8)
31 Meeting of medium interest (6)

DOWN

1 Support what one should do with unpaid tax (4, 4)
2 Record made by duke with musical adornment (5, 4)
3 Frenchman without an average (4)
5 Writing extended workman (8)
6 Place finished being connected (3, 7)
7 Novel girl for ever showing caution (5)
8 More acute mourner (6)
9 Poles trouble slow mover (5)
14 Part of London turning into Fetter Lane? (4, 6)
17 Disturb feathers in bed (9)
18 Just point to equity (8)
19 Well I never see sweetheart go to Maine (6, 2)
22 Service for those going to pot (3-3)
23 Piano given to every stunning girl (5)
25 Import understanding (5)
27 Unit caught inside previously (4)

Solution to Puzzle No 4,656



FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

THE ARTS

Salzburg Festival

Baal by MAX LOPPERT

New music, and new opera, can hardly be counted an unwavering concern of the Salzburg Festival under Herbert von Karajan's artistic directorship. This year, however, there has been an operatic premiere, for the first time here since Henze's *Die Bassariden* 15 years ago; the birth, if not attended by the hoopla that used automatically to greet Henze first performances, was made much of.

For it was also the first opera by Friedrich Cerha, professor at the Vienna Musikhochschule, who came to international notice in the 1960s with the concerts and records of his Viennese new music ensemble Die Reihe, and then much more widely not so long ago as the man who put the finishing touches on the third act of Berg's *Lulu*. When Salzburg does get around to new operas, it treats them well. *Baal*, an opera in two acts and 25 scenes closely adapted (by Cerha himself) from Brecht's early play of the same name, had Theo Adam in the title role, Christoph von Dohnanyi and Otto Schenk as conductor and producer, a large and meticulously prepared cast, and the Vienna Philharmonic in the pit.

Theo Adam as Baal

There has been enthusiasm in the Austrian and German press, and interest from audiences — even brief muttering as naked breasts flashed across the stage, and later during scenes of rape and intimated homosexual closeness. Beneath all the air of attentiveness, it seemed to me, there could be discovered an opera that was anything but controversial, or excitingly new; indeed, I found *Baal* a failure of a wholly respectable kind, one that any serious composer steeped in Berg and approaching the lyric stage for the first time might produce—decently second-hand, and (for long stretches) undeniably tedious.

Brecht's play was completed in 1918, and thereafter subject to several major revisions, three in the immediately following decade and then one towards the end of the author's life. It was described by an early critical opponent as "chaos with possibilities." A precarious connecting thread is woven through a discontinuous collection of short scenes by its central character, a louche, loud-mouthed poet-anarchist doomed to behave ill to lovers and friends and unacceptably in bourgeois society (Brecht entitled a 1930 sketch "Bad, anti-social Baal").

The narrative moves jerkily rather than directly forward: Baal insults his wealthy potential patrons; sings his songs in a chauffeurs' café, and in a nightclub; steals wives and lovers, goes to jail, abandons a pregnant mistress; goes off with the composer Ekart, his "true" love, whom he subsequently kills in a knife fight; dies, as irrationally as he lived, among the tree-fellers of the forest. The text is studded with Baal's ballads—a flowery brew, heavily and headily indebted to Villon and Rimbaud, of a kind that must surprise followers of the later "didactic" Brecht. Theories of alienation are still far off; expressionism, consciously shucked off, unconsciously nourishes the stream of images, the picaresque, pungently colloquial dialogue.

Cerha pondered his *Baal* project, long and hard, from the early 1960s. A diary of reflections prompted by work progress, extracted for quotation in the main festival programme booklet, reveals his growing involvement with the central character, and his growing conviction that an opera built around it could be many-levelled and multi-faceted. What I felt instead, after admittedly only a single encounter with the piece, was the intractability of the play as a subject for operatic treatment—at least, for treatment as faithful (to the 1922 version of the play, although significant elements from other texts have been incorporated) as Cerha's. The dramatic situations are ripe, but oppressively similar; the sense of repetition rather than growth and ground several times trodden *grows strong throughout* the evening.

At some point in it, very early on, comparisons with Berg, and particularly Berg's *Wozzeck* (the work that provided Cerha's most easily apprehensible model), begin to force themselves on the spectator's awareness. *Baal*, like *Wozzeck*, comprises small scenes each patterned on a tight "small form" and each linked to the next by means of an orchestral interlude; to its orchestra are added the indelible *Wozzeck* tints of saxophone, accordion, and small dance band; the two operas have in common a bass-baritone hero, and a moulding of the vocal line across a wide spectrum of song and speech. Perhaps in conscious tribute, Cerha has found a "Baal-motive" limning a surgingly emotional Bergian sixth; and—most obvious parallel of all—his first act rushes to its close in *Wozzeck*-like upward chromatic scales.

What in the end such comparisons point up, alas, is the brutal distinction between shattering genius and one of its *well-meaning*, essentially pedestrian acolytes. Two scenes in *Baal*—the party with which it opens, chatter swirling ironically around the *Lumpenkerl* figure of the poet scoffing the canapés, and a nightclub setting lively with cross-fusion between dance band, dance rhythms, and dramatic context—afford the main exceptions to the rule of limp pace—of music failing in idiom to illuminate more than sporadically even one dramatic level, let alone several. Cerha's lyrical writing is crucially unmemorable; Baal's songs differ in effect from his prose only because they are set, so to speak, in theatrical quotation marks, not because they offer any variety of colour or energy. Scene by scene, one appreciates what Cerha intended—mostly by default.

His principal achievement—not a negative one, either—is to have created a role in which a great singing-actor (and, of course, a great Wozzeck) could shine; the role of Baal is long—he appears in almost every scene—and taxing, but Theo Adam made of it something unforgettably vivid and full. It was a pleasure to note, in the large cast, the good voices of the tenor Heiner Hopfner and the striking bass Helmut Berger-Tuna as Ekart; there were particularly useful cameos from Hermann Winkler and the distinguished veterans Waldemar Kmentt and Martha Mödl, the last-named still commanding an electric stage presence. Schenk's production, shuttled nimbly along on trolleys, in Rolf Langenfas's Neher-like scenery, was admirable; Dohnanyi (as his *Lulu* records bear out) conducts music of this kind with unique and masterly sympathy, which is the way the orchestra played it. Whatever could be done for the work was, one felt, being well done.

Albert Hall/Radio 3

Lutoslawski

by MAX LOPPERT

The BBC Symphony Orchestra give Lutoslawski's Double Concerto its first British performance last November, and its second at the Proms on Tuesday. It is a work intended to be found immediately appealing (and, indeed, was again found just that: on Tuesday, as last year, the third and final movement had to be encored). Second hearings of such pieces are sometimes disillusioning—the mechanical action of the apparatus is apt to be viewed without the charm of novelty, rather as *Olympia is* seen without Hoffmann's spectacles. Once again, though, I found the concerto delightful — genuinely a *jeu d'esprit* (no mean feat for a composer with an honoured place in postwar contemporary music) that manages to suggest at moments *that it is also somehing more.*

Lutoslawski's mature music always depends for its success on the composer's understanding of the exact point where the expectations he has so neatly encouraged by his well-assorted, precisely organised can be contradicted. Coming after an opening movement that is principally a study in contrasts, that moment in the second when a soft haze of vibraphone and marimba spreads across the scene proves especially magical. It hasn't been foreseen; it adds a new and unobtrusively significant element to the discourse; it is seemly, poetic, and beautiful.

The concerto is a happy demonstration of Lutoslawski's civilised art as it is fully revealed in moments such as these. *As before, the composer* conducted and Heinz and Ursula Holliger played oboe and harp solos so creatively shaped to their particular executive personalities. Beckmesser complains only of an excessive prominence of xylophone and bells at the close (on both *occasions) of the last movement* —the part they play is of undoubted importance, but not so much so as to obscure the concluding *concertante* measures of the soloists.

Record Review

The best of British

by KEVIN HENRIQUES

Saxophonist Don Rendell is one of several constantly creative British musicians who suffers from being taken for granted both by jazz followers and, alas, by critics. He was in the forefront of the imposing array of post-war players inevitably, but beneficially, influenced by the top-flight Americans. His talent secured him a six-week tour of Europe in 1956 with the musically demanding Stan Kenton band and, subsequently, inclusion in an Anglo-American Herd assembled by Woody Herman.

Unlike some of his equally illustrious contemporaries in Britain he has not played safe and made a comfortable living from session work in film, television or radio studios. He has remained steadfastly close to jazz, either playing, composing or teaching and always surrounds himself with the stimulation of younger instrumentalists. A fair idea of his widespread abilities as reedman, composer and leader is spread generously throughout two Spotlite albums recorded at the 1979 Greenwich Festival.

Set 2 (Spotlite SPJ516) comprises five numbers composed and played by Rendell's quintet. Here the rhythmic variations and intenseness of the tunes are the most striking aspects, as well as the close diligence of the rhythm section of Trevor Tomkins on drums, Pete Saberton (piano) and Paul Bridge (bass). Their interaction on the Saberton original "Unicorn" is an album highspot.

Although melodically the themes are not really exceptional listener interest is solidly maintained by their construction, the well-proportioned sharing of solos and contrasting styles of Don Rendell (best on soprano, less entrancing on penny whistle-sounding flute) and Alan Wakeman, whose tenor-sax is more abrasive than Rendell's but always coherent and enjoyable.

Earth Music (Spotlite SPJ515) is an eight-part suite written by Rendell, originally commissioned by the Arts Council *and played at the Greenwich* Festival by the composer's quintet with the addition of Dick Pearce (trumpet), Paul Nieman (trombone), Pete Hurt (alto) and John Williams (baritone-sax).

Again there are plenty of contrasts in moods and textures, plus clear-toned trumpet work from Pearce and impressive alto from Hurt. "Tenor Firmer" is my favourite segment, being a tenor work-out for Rendell and Wakeman who indulge in some nifty 8 and 4 bar exchanges before duetting in unison chaos "reflecting the madness and terror sadly too often a part of life now on terra firma," to quote Rendell on the sleeve-note which merits top marks for informativeness.

Michael Garrick was the pianist in the quintet co-led by Don Rendell and trumpeter Ian Carr from 1965 to 1969. Like Rendell, Garrick is a multi-talented musician keenly involved in jazz education. Unlike Rendell he has not, perhaps, received the public and critical acclaim his abilities indicate he should. On *You're Changed* (Hep 2011), recorded live at Wavendon in 1978, his piano playing and, to a lesser degree, his composing, are fully displayed in a four-track album on which another British tenor-saxist Don Weller is at his exciting best.

Though not a regular unit Garrick and Weller, plus bassist Chris Lawrence and drummer Alan Jackson, had worked together previously and their musical empathy floods through every tune. The title track has a beautiful, moving opening from Garrick followed by Weller, both low key contributions. Weller's reined solo proves again he is not merely a tearaway specialist. In Garrick's solo every phrase is *fully considered while bassist* and drummer achieve a high peak of creative interplay. This deeply considered reading of a familiar standard is sealed by some typically powerful work by Weller.

Drummer Jackson kicks along the Monk original "Rhythm-a-ning," urging on and inspiring the turbulent Weller, also Garrick whose comments and replies behind the saxist are perfect. "Like someone in Love" shows the gentler side of Weller again while the closing "Soft awakening" is a *melodic ballad on which* composer Garrick brings out all his natural, soft romantic feelings. For Garrick and Weller especially, a quite outstanding record.

Jim Galloway is another talented Briton—from Scotland. His name has become known only comparatively recently south of the Border for the *reason that in 1964 he left for* Canada where he really made his name as a multi-saxophonist—soprano, alto, tenor and baritone. He began regular return visits to the British Isles in the late 1970s and it was on two of them that *Bojangles* (Hep 2008) was recorded in the Radio Clyde *Studios in Glasgow.*

He plays soprano-sax on seven tracks, tenor on the three others. On the former he has an attractive, smooth sound, never obviously copying other, better known exponents of the instrument. His tenor style is not as noteworthy but is *pleasantly acceptable* none the less. The choice of material point to Galloway's wide view of jazz: from "Do you know what it means to miss New Orleans?" to that 32-letter one word title from *Mary Poppins* via Duke Ellington and W. C. Handy. His rhythm section is more than mere background and for once the contributions from electric piano and electric bass are tasteful and meaningful.

Hep is an enterprising Edinburgh-based independent label which as well as producing its own albums is bringing out re-issues and also unearthing previously unreleased material. *The Ballad of Jazz Street* (Hep 2009) by the Nat Pierce orchestra (a studio set up), recorded in 1961 in two-channel stereo and not originally intended for commercial release (so we're told), *falls* into the last category.

It takes its title from a three-part suite writen by Pierce for a short-lived show in New York. It occupies all the second side and shows Pierce's substantial compositional skill, heavily, not ashamedly, influenced by Duke Ellington.

Ellington sidemen Clark Terry and Paul Gonsalves are among the notable soloists with Terry's trumpet an unfailing delight. Solos are pinned lightly against forthright section work.

Side I illustrates the Basie/*Herman aspect of arranger* Pierce. Of its five tracks two are contrasting Horace Silver pieces, "Soulville" and "Sister Sadie" which, apart from Terry and Gonsalves, are memorable for the solos by some of the lesser known members of the band.

Ed Kelly, Elizabeth Quinn, Trevor Eve and Joan Blackham — Leonard Burt

Mermaid

Children of a Lesser God

Putting aside for the moment all arguments about *Amadeus*, this stunning new Broadway import by Mark Medoff is probably the most viable commercial proposition launched on a subsidised stage since *Equus*. The comparison with *Equus* is inevitable when the show sets off as an investigation of a tutor/pupil relationship with a design (by David Jenkins) of three bare benches, a blackboard and a cyclorama. The difference is that the muddy waters of psychoanalysis are flushed away in preference for the hard social issue of a handicapped minority raising its voice.

Making yourself heard is a problem when deaf, however. Education has been a live issue in the modern drama since Shaw's *Pygmalion* and Medoff, along with Tom Kempinski in *Duet For One*, brings the Galatea analogy slap bang up to date. Sarah Norman is an incurably deaf pupil in an American institution that is divided as to how treatment should be administered. Her Higgins is an unpatronisingly conceived do-gooder James Leeds, who has floated into speech therapy on wings of 1960s ideology.

The gloss of excitement is provided by the fact that Sarah is played by a deaf American actress, Elizabeth Quinn, who reveals her political conscience in a mesmerising display of sign language as part of the character's defiance of such educational technology as lip-reading and stunted vocal expression. The school itself, or at least her fellow pupils (Ed Kelly and Julianne Gold, both artists of partial hearing) support her primaeval scream for the value of beautiful silence. The yell—after we have heard involuntary tears and laughter—asserts itself only when James resorts to violence at what he takes to be pig headedness.

The dramatic complexity of the play is never at odds with its appeal as soap opera. When sex comes into it, you are thrown back on your heels by Sarah's almost callous recall of a history of being exploited for a quick fumble. At least that was a tolerable alternative to the flim-flammery of James's approach.

But James persists and there is one remarkable scene where both characters relax while listening to a recording of the slow movement of the Bach double violin concerto. Tragically, he cannot see that she drinks up the sound through his responses and the atmospheric vibrations.

The minute you start looking, the implications of the play start unravelling like a skein of wool. Do we want to help disadvantaged people or merely railroad them into looking at the world in our way? James can never really cope with the idea that Sarah wants a car, a microwave oven *and* lots of deaf children. Is deaf really beautiful?

Elizabeth Quinn's performance is amazing, but doubly so because of the way it is reflected through Trevor Eve's interpretation of it for the audience. The strange thing is that the interpretation, at the play's strongest moments, becomes redundant to what she is not saying.

Eve is really acting for two persons and his achievement, in playing both the singer and the song, is considerable. Ever since I saw this actor in the good old days of the Liverpool Everyman, right up to his current and fully deserved *popularity* as BBC TV's Eddie Shoestring, he has impressed with his attack, flair and technical bravura. He makes of James a truly protean presence, a fully fledged mixed-up creation inflamed by the heat of his own impulses and fanned to life by the cross winds of institutional hostility and individual resentment.

The show, directed by Gordon Davidson, the artistic director of the Mark Taper Forum in Los Angeles, goes off at a prodigious pace.

MICHAEL COVENEY

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday August 27 1981

The North Sea tax wrangle

THERE IS a hollow ring to the warnings now being sounded by *oil companies over Britain's* North Sea tax policies.

The UK Offshore Operators' *Association,* representing the leading field developers, said on Monday that companies *would not wish to bid for* new exploration licences until the uncertainties over taxation had been settled. *The implication* seemed to be that the industry might boycott a new licensing round.

The Government has no immediate plans for issuing further *exploration licences* — *the* Energy Department has not yet finished allocating blocks under the previous, seventh round.

More pertinently, the Operators' Association *knows that* few companies would dare turn down the chance of new licences *in promising exploration areas.* Taxation settlement or not, companies would race to win fresh *drilling acreage*—among their most important assets—even if they knew they could not *exploit any* discovery until the tax system was made less onerous.

Marginal rate

In spite of the industry's protests, there is no evidence to suggest that the overall level of taxation has become unbearable. On the other hand, there can be little scope for any further increase. The marginal rate of taxation has risen to about 91 per cent, seven percentage points up on the position in mid-1979.

The Government will reap on average about half of the UK oil and gas producers' operating cash flows this year. By 1983 the take will be nearer 70 per cent. One leading stockbroker estimates that the developer of a 400m-barrel field could now expect to hand over to the Inland Revenue 86 per cent of its operating cash flow as against 67 per cent in 1975.

But the Government would be foolish to ignore the industry's protestations totally. The fact that the association has been able to obtain agreement from its diverse membership for such a warning suggests an unusual degree of unanimity within the industry. The delays in field development plans, announced by several operators, are even more worrying. There is now a real chance that the UK could find itself a net oil importer again within a decade.

The North Sea tax system has been changed six times in the *past two years as the Treasury* has tried to take account of rising crude oil prices and the need to end various anomalies. The offshore oil industry with its long development lead times has a right to expect a stable fiscal regime, albeit one that reflects rises (or falls) in the real price of oil.

There are now four tiers of taxation—royalties, Corporation Tax, Petroleum Revenue Tax and the new Supplementary Petroleum Duty (SPD). The introduction of SPD in the March Budget—a measure designed largely to raise an extra £1bn in the 1981-82 financial year—has shifted the emphasis towards a tax on revenues rather than profits.

The changes that have occurred in the conditions of Petroleum Revenue Tax have *been designed partly to close* loopholes through which companies were slipping. The *Government was rightly con*cerned about industry spending unnecessary money—"gold-*plating" facilities—in order to* obtain even greater tax benefits.

But in eliminating these quirks, the Government has introduced conditions which *have severely hit the economics* of developing extensions or satellites of producing fields. *Companies complain that they* are being discouraged from improving the recovery of *commercial fields. They* also warn that fields will be prematurely abandoned if cash *flow in the twilight of produc*tion is not improved.

Invitation

The oil industry has a few more weeks in which to respond to the Chancellor's invitation to provide North Sea taxation advice. Given that all the companies have different tax positions—they are involved in a variety of fields at various stages of development—the chances of them delivering a workable tax code must be slim. So the ball will be finally tossed back into the lap of the Government, where it belongs.

The nation needs to be assured of a fair slice of the revenues arising from one of its greatest assets. The industry is entitled to expect a stable system which rewards risks and encourages the exploitation of smaller, more difficult reservoirs on which the UK will become increasingly dependent.

Saudis move to centre stage

SAUDI ARABIA'S determined stance at last week's Opec meeting in Geneva and its statement earlier in the month on Middle East peace prospects emphasise how closely the interests of the ruling family coincide with those of the industrialised world and how ambiguous the relationship with the U.S. remains.

Despite its failure in Geneva to bring about a reunification of *Opec prices* the House of Saud is committed to a policy which will contribute to orderly *economic* development in the West and will simultaneously guarantee the maximum possible importance for its major natural resource. It is acutely aware that a deeper recession in the industrialised world combined with more concentrated efforts to develop alternative energy resources seriously threaten its own efforts to build a more balanced economy.

Moderating role

There are indications that the shifts of power within the Middle East during the past year are giving Saudi Arabia the opportunity to play a more decisive moderating role. The extent to which the Saudis are able to take advantage of this opportunity will to a large degree depend on the Reagan Administration.

The Iranian revolution and the Gulf war have together sharply reduced the financial and military power of Riyadh's two main regional rivals in Tehran and Baghdad while the Saudis *have gained additional* political strength through the formation of the Gulf-Co-oper*ation Council in which they are* aligned with the United Arab Emirates, Kuwait, Oman, Qatar and Bahrain Saudi Arabia has played a vital role in restoring a modicum of calm to Lebanon and in easing the threat of a war between Syria and Israel.

The Kingdom's increased *political confidence has been* reflected in its willingness to withstand price pressures from *other Opec producers and risk,* through its production policies, incurring the hostility of the *more politically radical* producers. But it would be a serious misjudgment, especially *for the U.S. to believe that* Saudi Arabia's other main concern—the need for a just solution to the Palestinian issue—can now be largely ignored.

Crown Prince Fahd called earlier this month for "the recognition of the right of all states in the region to live in peace" thereby publicly implying what has long been known privately to be Saudi Arabia's position—that it would recognise the Jewish state if Israel agrees to withdraw from occupied Arab land and allows the Palestinians to form their own state. The first steps along this road, according to the Crown Prince, should be a drastic change in American policy involving an end to "unlimited" aid to Israel and a recognition of the Palestine Liberation Organisation.

In particular the Saudis want *Mr Reagan to restrain Israel* from any further provocative acts such as the attack on the *Iraqi nuclear power plant and* the bombing of Lebanese civilians in Beirut. Such actions *are seen in Saudi Arabia as a* perhaps greater threat to them than a possible encroachment of the Gulf area by the Soviet Union.

It is in large part the very closeness of the association between Israel and the U.S. that prevents Saudi Arabia from overtly declaring itself a military ally of the U.S. To the irritation of Mr Reagan, Saudi Arabia will not permit U.S. troops to be stationed on its soil or supplies to be pre-positioned there for its Rapid Deployment force.

U.S. arms

But this irritation is unlikely to affect Mr Reagan's determination to sell five radar surveillance aircraft to Saudi Arabia, together with additional equipment for its F-15 fighter bombers. Any increase in Saudi Arabia's ability to defend itself deserves the support of *the West, especially as this need* not imply any diminution in the commitment to guarantee *Israel's right to exist.*

Like Egypt, Saudi Arabia has emerged as a force for reason in *the emotional conflicts that* dominate the Middle East. This attitude needs to be nurtured by *a more balanced* U.S. approach to the search for peace in the area, and a more *sympathetic awareness* by Israel of the opportunities being offered.

THE $830m BID FOR CROCKER

The Midland's crucial alliance

By William Hall, Banking Correspondent

Geoff Taylor (left), one of *Midland's two deputy group* chief executives, will go on to the board of Crocker along with Stuart Graham and Malcolm Wilcox, who recently retired as chief general manager and was the key Midland executive in the pursuit of Crocker. Taylor is currently responsible for Midland's group corporate finance division, international division and related services.

Tom Wilcox (right), who lost *out to* Walter Wriston for the top job at Citibank in the early 1970s, has been the architect of Crocker's impressive performance in recent years. Since he joined the bank in 1974 Crocker's earnings have grown at a compound rate of nearly 30 per cent annually. He retires in a year's time, leaving a big gap for Midland to fill.

THE U.S. Federal Reserve Board's decision to allow Midland Bank to proceed with its $830m bid for majority control of Crocker National *Corporation may prove* to be a watershed in the fortunes of what used to be Britain's biggest clearing bank.

Midland is now the third largest of Britain's Big Four clearing banks and the least profitable. Over the past few years, through a combination of management mistakes and bad luck, Midland has appeared to have lost its way.

*It was slow to spot the oppor*tunities in international banking, preferring to rely, for a *long time, on correspondent* relationships and a mixed bag of not very profitable joint ventures with European banks. At home, it is over-reliant on lending to British industry and appears to be overstaffed—employing over 70,000 in the UK, roughly the same as Barclays and National Westminster, which are much larger banks.

Under the leadership of Lord Armstrong, who took over as chairman of the bank in April 1975, Midland began to hammer out a new long-term strategy. But this was upset, first by the abortive $520m bid for Walter E. Heller, the Chicago-based financial services group in late 1979, and second, by the death of Lord Armstrong in July *1980.*

The morale of the bank's senior management was affected, while Midland's recent poor profits performance was reflected in its lowly stock market rating. If the Bank of England was ever to let a foreign bank bid for a major clearing bank, it was beginning to look as if Midland was the most vulnerable candidate.

Mr Stuart Graham, group chief executive, does not deny that the "alliance" with Crocker is regarded as crucial to Midland's future. It not only alters the profile of the bank's earnings radically but has given a powerful boost to its international image. The surge in the Midland share price yesterday reflected the change in investment sentiment following the news.

The combination of Crocker and Midland Bank puts the new group among the top dozen banks in the world, slightly larger than Chase Manhattan, for example, and not much smaller than Deutsche Bank. All the other major UK banks have been investing heavily in the U.S., but with Crocker's assets of $19.1bn, Midland's U.S. operations are probably at least twice as big as those of its nearest rivals—Barclays, Lloyds and National Westminster.

Assuming that the *deal goes* ahead—there seems no reason why it should not—then Midland will have firmly established itself in one of the most attractive areas of the U.S. banking market. California, where Crocker has its headquarters, has a population bigger than Canada and a Gross National Product slightly bigger than that of the UK. If it was an individual country, it would rank seventh in the world. Over the last 20 years California's real income has grown between one-third and a half higher than the average U.S. rate of increase, and the above-average growth rate is forecast to continue.

Mr Geoff Taylor, Midland's deputy group chief executive, *who is widely tipped to take* over when Mr Graham retires as group chief executive next *year, said yesterday that the* deal would give Midland "a very strong position in the fastest growing sector of the U.S. economy."

Midland's aim, according to Mr Taylor, is that more than 40 per cent of its earnings *should come from outside* the UK, and the Crocker deal meets the bill ideally. Last year, *Midland earned* 45 per cent of its profits in the UK and 30 per cent from international business (*the rest of the profit came* from related services). With Crocker, the international percentage could rise to 45 per cent.

For the Midland, the deal *gives it a broader earnings base* and opens up new markets, while Crocker, following the *capital injection will* have tremendous scope for expansion. Unlike some of the other U.S. *banks acquired by* British banks, Crocker has a talented management team and is unlikely to prove a drain on scarce top management resources which are needed elsewhere in the organisation.

The Federal Reserve has insisted that Midland divests itself of its Thomas Cook travel agency business (but not its lucrative travellers' cheque business) in the U.S. and reduces its stake in European-American Bancorp, the New York consortium bank owned by the partners in the European Banks International Company (EBIC).

The loss of these investments will have only a marginal impact on Midland's profits. Nevertheless, disinvestment could prove difficult. The stake in European-American is worth around $60m and Midland would obviously like *to find* a buyer from among its EBIC partners. As most of these now operate *independently* in the U.S. the stake could prove difficult to sell, although a single bank (*perhaps* Deutsche Bank) might like to take over the whole operation.

From the UK stock market's point of view the main interest in the short-term centres on how Midland plans to finance its investment in Crocker and to improve its capital ratios. These are under some strain. The gearing *ratio* (*free* capital to public liabilities) declines from 4.5 to 3.6 following the *acquisition.*

Midland's executives appear fairly relaxed with these *figures and point* to the $375m of subordinated debt raised since June 1980 and the large *amount* of forward dollars bought when sterling was at $2.40 (well over $100m) as evidence that the bank will have no trouble financing the deal. However, the stock market still expects that Midland Bank will need a fairly substantial rights issue before long to fund its investment.

Midland is the last big British bank to take the plunge in America. Since 1979, British banks have spent a massive $2.5bn on U.S. acquisitions, according to brokers W. Greenwell, and it will take time before most of the investments start paying for themselves.

Barclay's recent acquisition of a finance company and National Westminster's purchase of the National Bank of North America are not covering their financing costs, while the rise in U.S. interest rates and the slump in sterling will have inflated substantially the cost to Midland of acquiring Crocker.

However, it will be over the longer term that the success of the recent investments by UK banks in North America will be judged. It could well be that in time the other big UK banks will envy Midland's move.

FOREIGN BANKS' OPERATIONS IN THE U.S.

State	Branches	Agencies	Representative offices	Banking subsidiaries	Total offices
California	1	76	21	18	116*
Florida	0	13	0	0	13
Georgia	0	9	3	0	12
Illinois	31	0	21	2	54
New York	75	60	135	26	296*
Texas	0	0	30	0	30
Washington	8	0	2	0	10
Others	15	3	3	0	21
Totals	130	161	215	46	552

* Does not include Crocker's 371 branches in California and Marine Midland's 296 branches in New York State, as Hong Kong and Shanghai's 51 per cent stake was not acquired until late last year

Source: U.S. Comptroller of the Currency, August 1980

The deal that would take Crocker into the big league

By Ian Hargreaves in New York

"THERE IS a critical size in *our business. It's OK to be poor* and OK to be rich, but not in the middle. We are not small, *but we are not big.*"

Thus runs, in its most simple version, Thomas Wilcox's explanation of why six years after taking the reins at Crocker National Corporation, parent of the 12th largest bank in the U.S., he has led the bank into an alliance with Midland.

The deal will certainly make Crocker bigger. By injecting almost $500m of equity into Crocker, Midland will raise the Californian Bank's equity to about $1.2bn. Currently, Crocker manages to produce loans and other assets at a multiple of 25 to its equity. Even if this so-called leverage ratio does not improve, that would nearly double the company's assets base within four years from $19bn to $33bn. "It won't be a very difficult chore to leverage this capital," says Wilcox, with a banker's eye on the credit-thirsty U.S. business.

"But the greatest mistake we *could make would be to depart* from the very strict credit control standards that we have imposed on ourselves *just* because we have more capital to get rid of."

That is it in a nutshell: How does Crocker get bigger without following the footsteps of Citicorp, where Wilcox worked for more than 30 years? Citicorp, as it has got ever more aggressive and bigger, has seen its return on average assets decline from 0.69 per cent in 1976 to 0.47 per cent last year.

Crocker, says Wilcox, will *increase its return on assets* from last year's 0.55 per cent (it was 0.42 per cent in 1976) *to 0.6 per cent "very soon" and* to 0.75 per cent thereafter.

One of the reasons Wilcox thinks he can do it is his learning curve at Citicorp. But a more theoretical case stems from his belief that Crocker, with Midland's money, can grow so rapidly that it will do so without adding the extra staff, departments and buildings that would be inevitable in a more gradual advance.

Even so, masterminding this growth will not be easy, even for a bank based in a part of the U.S. less troubled by the economic jitters than many others.

Naturally, Mr Wilcox stresses the growth potential in Crocker's currently more profitable areas, notably corporate lending and trust activities. But the bank is also trying to build up its already very large presence in the shell-shocked mortgage business, where Wilcox admits that today new business is being written at a loss-making spread.

The idea here is to increase Crocker's market share in California where, overshadowed by the giant Bank of America, Crocker's share of the market has been stubbornly static at about 11 per cent for the past couple of years. With the lifting of restrictions on interest-rate variations on home loans and the inevitable boom which lies ahead as California tries to house its rapidly growing population, Wilcox thinks this is a good market to be in.

He is less sure about personal loans, or at least is sure that the times have to change to *allow shorter maturities.* The maintenance of the consumer deposit-taking base, however, remains of great importance and here Crocker has followed a policy close to that of Citibank of peppering the state with electronic 24-hour banking terminals (it has almost 200, more than Bank of America, and will double this inside three years). Mr Wilcox thinks the electronic terminal, opening up as it does the possibility for electronic banking from the home and office, is in the process of changing the entire structure of the banking industry, reducing the need for banks to concentrate on opening conventional, full-service branches. He does not expect to see Crocker's branches expand beyond 400 from their current 388.

This is an important point, because it also colours Wilcox's position in the debate on what to do about the deregulation of banking, which everyone in the industry assumes will happen *some time* in the next five or six years, and which will for the first time allow banks to *open deposit-taking branches in* states other than their own.

Midland's money would appear to give Crocker a handy nest-egg to back up any acquisition list it might have up its sleeve when this day dawns.

Wilcox says he is interested in acquisitions to strengthen Crocker geographically in areas *where it is now very weak, such* as the industrial Mid-West, but that he has no interest in own*ing banks in every state in the* union. "Banking has to be rethought in so many ways. Bricks *and mortar will matter less and* less," he contends.

For Wilcox, the deal is the lynchpin in his strategy to take Crocker into the big league. But once there, he says, he will leave it.

He has extended his retire*ment date by one year to* September 1982. After that, he will maintain a part-time presence *for two years as chairman* of the executive committee of both the bank and the corporation.

MEN AND MATTERS

Gathering Moss

Interesting times are ahead for Robert Moss, the Oxfordshire plastics group, if the track-record of Murray McLean, now its majority shareholder, is anything to go by.

McLean, who emerged from five years of anonymity yesterday to reveal his 56 per cent holding in Moss, is best remembered as the founder of Abercom, the Johannesburg metals group which he took from £200,000 market capitalisation in 1968 to £25m in 1976.

Which was all very well, until McLean left Abercom and South Africa in 1976 rather abruptly for "personal reasons," and what had become a multinational engineering group then spent several years sorting out its management structure *and corporate strategy before* returning to profit and dividend growth. McLean, meanwhile, had *gone to study economics and in*ternational relations in Paris, after which he joined a Cambodian relief programme.

Now 47, he has decided to settle down with his family in Britain and get back to business. He is bidding for the whole of Moss, but plans to keep only 26 per cent for himself while maintaining the market listing. And will Moss shareholders see growth of Abercom-style rapidity? "I don't want to go at that speed again," cautions McLean, "I've got a few grey hairs now."

Going for a song

Mastercard president Russell Hogg and his wife Dorothy are *clearly* a couple of diverse talents. Hogg himself first achieved fame in the FBI, when *he captured a top Russian spy* in the early 1960s. He then traded in his cloak and dagger *for the more conventional* costume of the banking world, where he rose to take over the *reins at Mastercard — which* runs credit cards including Access—last year to wage the war against credit card and travellers' cheque rivals like Visa.

But Dorothy Hogg is, I gather, poised to make an even more striking mid-life career shift. The flaxen-haired American is about to make her debut as a country and western singer under the stage name "Sunny Russell" — the first name refers to her hair, the second is a tribute to her spouse. Mrs Hogg will be going the whole, er, way in furthering her career ambitions, visiting the country and western capital, Nashville, where she hopes shortly to make a record. She has read me some of her lyrics, and I can testify that they are of a gospel-tinged love-song variety. Is there any chance, I wonder, of luring husband Russell on stage? Where, presum*ably, under the pseudonym of* say "Credit-card Russ" he could continue the professional struggle against *the forces of* Johnny Cash?

Last leg

High on the list of human activities which are as fascinating as they are baffling is ferret-legging, in which grown men turn their trousers into miniature wildlife parks for no apparent reason. And while I cannot claim to know either why or how this is done, I salute Reg Mellor, "the uncrowned king of ferret-legging," who has decided to retire at 71 from what can on occasions be a most painful sport. "*I'm not packing* in because I'm too old or because I can't take the bad *bites any more,*" *he explains,* "I'm just disillusioned."

What finally convinced Mellor *to sell off his six razor-toothed* ferrets was the sort of let-down which might equally have per*suaded a Coe or an Ovett never* to move at anything faster than a gentle stroll. Performing at a Barnsley charity gala, the intrepid legger was five hours and 26 minutes into his stint when *the organisers began to dis*mantle the stage around him. "I packed in and went home," he *says,* "*and I never even got* a letter of thanks. I could have stuck it out. I'd taken three minutes off my record and I wanted to try for the magic six hours."

Target area

"The nearby village of Crossmaglen is famous for lace-making, and is also a good centre for fishing and shooting in the surrounding area." *Notes to the AA touring map of Ireland.*

Core Anglais

The Cox's orange pippin, incomparable when it comes to keeping the British doctor away, will be tackling the dreaded French Golden Delicious on its gallic home ground next month as one of the star turns in a Great British exhibition opening next months in the Paris department store Au Printemps.

The theme of the show will be Covent Garden, and any *Frenchman wanting a "blazer* with regimental stripes" need look no further, while kilts, cashmeres and *miniature* dolls' houses wil lalso be making a strong showing. There will also be a "gag boutique" at which giant toothbrushes, ballpoint pens disguised as spanners, and other traditional British trimmings will be on sale — "a touch of very Anglo-Saxon humour."

The British shows started in 1977, and achieved their height of Anglophilia *two years later* when the shop windows on the Boulevard Haussman were transformed into cottage walls, the inside of the shop into village streets with lawns, hedges, thatched roofs and the beguiling tones of Alfie the Town Crier of Lambeth. This year, visitors are promised 15 bagpipers and four policemen who "will animate the exhibition with their presence and their music," while Lord Montagu of Beaulieu is sending over an 1899 Daimler.

To occupy the mind while the purse is at work, Au Printemps is showing a series of British films, while the Royal Academy is loaning 30 paintings including two Gainsboroughs, five Constables and two Turners. Au Printemps is also no doubt hoping that the exhibition will dim memories of the embarrassment which it suffered earlier this year as a result of its much-heralded exhibition of 2,000-year-old Chinese terra-cotta figures. The Chinese embassy said afterwards that the figures sent were copies.

Stone cold

A colleague whose visit to Stonehenge coincided with that of a group of American package tourists claims to have overheard one of the party remark to another "I know it looks impressive, honey—but just think what it must have cost to heat!"

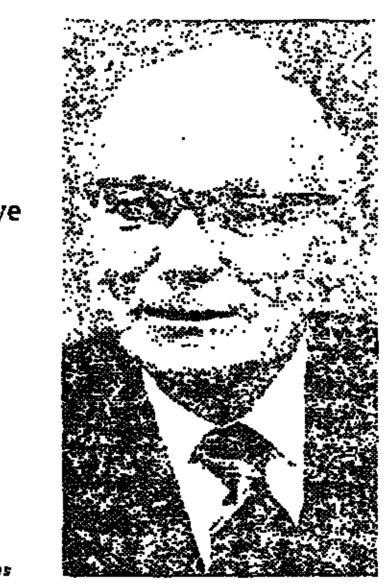
Observer

ECONOMIC VIEWPOINT

Why Britain needs a foreign exchange policy

LAST WEEK three leading applied economists, Professors Sir Bryan Hopkin, Marcus Miller and Brian Reddaway, issued a statement rebutting the Government's claims that there is "no alternative" to their policies. The group's "alternative strategy," although more conservative than anything being discussed in the Labour Party or among outright opponents of the Government, was strongly critical of present policies and challenged the Government to abandon the monetary targets in its Medium Term Financial Strategy in favour of a policy of "cautious" reflation and currency devaluation.

Anatole Kaletsky asked Professor Reddaway (right), of Cambridge University, to explain the alternative strategy.


Trevor Humphries

You have called on the Government to abandon its monetary targets, push down the exchange rate and reflate the economy with indirect tax cuts. What is the order of priorities?

I put much the greatest emphasis on the exchange rate. Although the dollar has gone up, it is the rate against the D-Mark that really matters. The present rate is quite simply mad.

The main objective of policy must be to get the pound down to a rate of about DM 4. At that point one might start wondering whether to get it down any further. But even DM 4 is higher than the 1978-79 level. Since then, we have had over 20 per cent more inflation than the Germans and we weren't all that competitive then.

How do you decide what is the appropriate level for sterling?

Broadly, it is the rate at which we can have a proper level of output and employment.

Does this mean you would go on devaluing until the economy returned to full employment?

No, the ideal of full employment, like the ideal of constant prices, is dead. We must aim for a level of output in relation to potential that is about par for the course of the developed countries.

In the simple world of Mrs Thatcher, the present level of sterling is "right" because it is set by markets and it balances payments. Well, in a formal sense it does, but mainly because we have a worse slump than anybody else, even ignoring the complications of capital transactions.

Would lowering sterling to DM4 be enough to restore output to a satisfactory level?

Certainly not on its own. A lower exchange rate is needed just to stop things getting worse. *I think there may still be very much worse to come on exports and import competition unless sterling moves down quickly.*

Devaluation could stop things getting worse. We could then need some positive expansion but I would be very cautious at this stage. I'm no believer in sudden changes, so personally I would do no more than abolish the National Insurance Surcharge. That would add about £2½bn to demand, have a dampening effect on inflation and also improve competitiveness immediately. I would want to see how quickly output was responding to a lower exchange rate before going any further.

But many people now think that sterling is going to fall of its own accord, as a result of market forces.

If you think it is going to happen anyway, why not make it happen quickly? With every *month that* passes at the present exchange rate, we are losing jobs, output and productive capacity. With a reasonable exchange rate, BL could by now be almost profitable. Even British Steel would be doing a great deal better.

Would not the benefits of a sterling depreciation be dissipated through higher wages? Would not your programme collapse if a consensus on pay was unattainable?

A consensus on pay would be *highly desirable, but it is not* a pre-condition for expansionary policies. If sterling fell to a level that was, say, 10 per cent *less overvalued,* employers and unions would still be under great pressure. If you've got an absurd exchange rate, you don't lose much by lowering it to a level that would still be greatly overvalued by historic standards.

But what if your judgment proved wrong and pay settlements accelerated? Would you then put your policy into reverse?

Not at all. The exchange rate is quite obviously mad. It is not the right instrument for regulating the labour market and I don't think the Government ever really intended to use it that way. It was all rather inadvertent. Fiscal policy, on the other hand, might have to be put into reverse.

If the Government really thought that three million unemployed were necessary to break inflationary expectations—and as I said I don't think they were actually aware of what they were doing — then *they should have had a fiscal* squeeze.

But, in the last Budget, the Chancellor did claw back most of the tax cuts, so why are you now calling for a fiscal stimulus?

I said, if the Government wanted to maintain unemployment at 3m, then higher taxes would be a better way of doing this than a high exchange rate.

What if the Government takes the view that the current level of pay settlements is still excessive, so that it does not just fear an acceleration—but actually wants a further sharp reduction? Isn't a tight fiscal stance and high exchange rate policy then justified?

This comes into the category of reasting the pork by burning *the house down.* As I said, we are at a level of output right down in the depths. There are still further contractionary *forces round the corner.* After a once-and-for-all push from restocking, output could even start falling again.

The simple logic of the market situation would call for wage settlements of minus 20 per cent. That is not going to happen whatever the Government or anybody else says or does. If it's not going to happen, there is no point in having the market situation that is supposed to make it happen.

If a lower exchange rate were accepted as an objective of policy, would it really be within the Government's power to achieve it?

Certainly. One might not be able to target it precisely and there is no need to do so but one could get it moving in the right direction.

How?

A clear statement of intent and the announcement of expansionary policy for the economy generally would help to influence expectations. But the main instrument would be a rigid refusal to let interest rates go up.

What would this mean for monetary targets?

They would be abandoned. A fiscal expansion would then also tend to drive sterling down since there would be no need to have high interest rates to reconcile larger fiscal deficit with the monetary targets.

Would any rate of sterling M3 growth be acceptable then, provided only that it got the exchange rate to what you regard as a reasonable level?

I would look at M3 and all the other Ms, but with a pretty tolerant attitude. In 1980 monetary growth was far above the Government's targets, and thank God for that. In relation to prices and wages rising at 20 per cent, success in hitting the monetary growth targets of 11 per cent could have broken the economy completely.

Are you saying that the Government should accommodate monetary growth to whatever *rate of inflation* it is faced with?

My frank objection to monetary targets is that they are dealing with variables that are absolutely unimportant in themselves. The exchange rate affects the economy very directly. But if you get a state of affairs like that of 1980, when interest rates are very high already, then it becomes very difficult to stop an increase in the quantity of money and the efforts to stop it are focused not on what's happening in the real world but on what is happening to an instrumental variable that is really not of much importance.

Are you in effect saying that an exchange rate target should be introduced as a substitute for a monetary target?

It would not be a substitute, but a definite improvement for the reasons I have just given. But I wouldn't particularly want a stated exchange rate target. I would call it a "policy" *on the exchange rate, rather* than a target.

Does this really mean that if our inflation went on being higher than our competitors' you would let sterling go on falling?

I say again that if the trouble is that internal costs are rising too fast, then one's resistance should stiffen. You might *be a bit tougher on fiscal policy* or you might use any incomes policy levers you had. In this mix, the fact that the exchange rate was wanting to go down would be visibly upon you and it would strengthen your resolve. You wouldn't crucify yourself on it, but it would be a bit of a safeguard against the slippery slope of a pfennig today and a pfennig tomorrow

Are you talking about something like EMS membership?

I was against EMS membership in 1978 because I feared, like most economists, that it would mean artificially holding up sterling. How wrong we were.

If we could join the EMS at around DM 4 to the pound, it would be recognised by all con*cerned that this was a point of* stability, but an adjustable one. You would pay a lot of heed to the exchange rate, but it would *not dominate the economy* entirely. The other members would be working with you and not against you in the ex*changes. Given the awful effects* of Mrs Thatcher's policy, I would certainly settle for the EMS arrangement.

What would you do if your policies brought the economy up to a new plateau with employment and output still below what you regard as "par for the course"?

Quite possibly let the ex*change rate fall further or* expand through fiscal and monetary policy. The best mix would depend above all on the amount of consensus over incomes.

Accelerating inflation is the real worry. I would keep a very close watch on wage settlements. If they were accelerating significantly, some action would be necessary. The worst type of action would be to force up the exchange rate. The best would be an agreement on in*comes: if you like, a kind of* Medium-Term Strategy in terms of semi-agreed wage norms, which would still leave plenty of scope for collective bargaining. The Germans and Scandinavians haven't done badly with such systems. But I stress that such a consensus is not an essential precondition for some reflation now.

Does this mean that you reject *the notion, which I think is the* bedrock of the Government's policy, that inflation is in itself the main cause of the present *unemployment?*

This idea is laughable. There are a few minor effects on confidence or the difficulty of running a business but the economy can cope pretty well with a steady inflation of 10 per cent or so. You must stop it accelerating, but that need not mean creating unemployment.

But the idea that fighting inflation is the first priority for economic policy has been accepted by other OECD governments. Are you not criticising them as much as Mrs Thatcher?

I have been careful to define all the objectives as "reasonable," "par for the course" and *so on. Mrs Thatcher has applied* her remedies with an effect—sterling appreciation—that has been quite different from that in *other countries. It has had a big* impact on inflation, although much of the initial inflationary push which was successfully reversed was of the Government's own making. But the main point is that we have now come to the end of the advantages and are getting all the disadvantages. It's really childish to think that because one dose of medicine did some good, a second dose will do twice as much good. It could just as easily kill the patient.

Letters to the Editor

Coming to market

From Mr S. Greenly.

Sir, — The establishment of the Unlisted Securities Market last year has been an important and successful development in UK capital markets. But there is a major hurdle in the way of any small company coming to this market, and that is the costs involved.

It is estimated that for small companies raising £½m the cost of placing is more than 10 per cent and *that excludes* capital duty charges. The question arises as to whether the amount of investigation into the smaller company is excessive and the long reports which are demanded are an unnecessary expense.

Those dealing in unlisted securities are mostly professionals, but in any case are *likely to be fully aware of the* characteristics of the market place. Is the Stock Exchange expecting too much in regarding the market as a *half-way* house to a full listing? And would it not be better to take a more relaxed attitude and encourage more growth-orientated small-companies to get ahead with their development?

Simon Greenly.
Stafford Roberts and Partners,
354, Fulham Road, SW10.

Enterprise zones

From Mr P. Walker.

Sir. — *It might* perhaps be useful to seek even after the short time that a few enterprise zones have been in existence *for some indications of their* usefulness and for possible wider applications of the enterprise zone principles. In this connection it does *certainly* seem that the zones have already succeeded in generating a certain amount of economic activity.

Some of your recent contributors appear to have different opinions regarding the objectives behind the establishment of such zones, but whatever the merits of their various arguments it is certainly a fact that at the time of the Chancellor's Budget speech establishing the enterprise zones an official statement declared that the purpose of the zones "is to test as an experiment and on a few sites, how far industrial and commercial activity can be encouraged by the removal of certain fiscal burdens, and by the removal or streamlined administration of certain statutory or administrative controls."

In the light of the apparent success of the zones, perhaps the Chancellor might now consider *how far industrial* and commercial activity elsewhere in the country is being discouraged by the maintenance of fiscal burdens and the proliferation of complicated and often unnecessary statutory and administrative controls. The *realisation of this might* then be turned to the advantage of the whole nation by initiating a trend to make Britain once more an "enterprise country."

Unfortunately in the enterprise zones it does not appear to be considered possible simply to remove controls and financial burdens and then just allow things to happen of their own course, but in fact even the enterprise zones seem in the inevitable way of anything set up as a result of government policy to have to generate their own bureaucracy as evidenced by *the establishment of* an "enterprise zone office" in each zone. If to the cost of these were added the enormous total cost of public- and private-sector time in debating and agreeing the principles, boundaries, etc., including the many abortive bids for enterprise zone status, then I am sure the whole operation could be seen to be very expensive indeed in relation to the activity and employment generated.

Surely more freedom for enterprise throughout the country would lead to greater all-round prosperity and the most disadvantaged and derelict areas *which it is now thought* necessary to designate as enterprise zones would be far better able to look after themselves within the environment of improved general prosperity.

P. J. Walker.
28, Holgate Road, York.

Pensions advice

From Mr R. Colbran

Sir,—I cannot see how Sir Donald Sargent (August 22) could so fundamentally misread Martin Paterson's earlier letter. In case others have done so, however, perhaps I could make the point clear. Mr *Paterson* being at present abroad.

Technical advice on many aspects of pensions and information *on current practice of other* employers will normally be provided by consultants. A consultant should be able to expose the issues requiring decision in such a way that his client can make an informed choice. The whole subject of pensions has become very complex and this leads to the danger that we in the pensions industry (i.e. the consulting actuaries, pensions consultants, pensions managers and insurers) try to take important decisions out of the hands of the employers. This is illustrated by the article originating this correspondence, which gave the distinct impression of consultants deciding on allocation of employers' resources between leavers and stayers.

Roy B. Colbran.
Martin Paterson Associates,
10 Buckingham Place, SW1.

Banking staff reductions

From the Senior Seconded Union Representative, Banking, Insurance and Finance Union, Midland Bank.

Sir,—Mr Matthews' comments (August 21) regarding the Midland Bank's head office review require careful reading.

He states, quite correctly, that the bank has not announced 2,000 redundancies. One needs, however, to look not only behind what the bank has said but more importantly what it refuses to say. The bank formally advised the two recognised trade unions, Banking, Insurance and Finance Union and the Association of Scientific, Technological and Managerial Staff, of its intention to carry out the review on July 2, the same date as a circular was sent to all branches and departments—not our understanding of the term "early consultation" under a procedural agreement.

At a meeting with senior representatives of the bank on July 20 they refused to withdraw their stated intention of *achieving a reduction of* 2,000 jobs despite the fact that the detailed review has still to take place.

BIFU would participate in a review of cutting costs and improving profitability and the bank's competitive position but it will not partake in a review on the basis of achieving an aim to reduce staff numbers. If the bank were to give assurance of no redundancies then the union would be willing to co-operate in a review.

The bank and Mr Matthews go on to use the euphemistic phrase natural wastage, retirement and redeployment. Perhaps he could explain to us how this is to be achieved since the bank has not recruited staff since September 1980 and has been making employees redundant throughout the branch network at an ever increasing *rate as a result of the* reorganisation of branches and of the trust company.

BIFU will not therefore add its name to an exercise designed to add to the already horrifying figure of almost 3m unemployed. There is no justifiable reason for a highly profitable UK bank (£232m before tax 1980) to add further numbers *to the unemployed register.*

L. V. J. Aspell.
BIFU, 1st Floor,
45, Blackfriars Road, SE1.

Raw recruits not needed

From Mr N. Stacey

Sir,—A chief economic adviser is being recruited by Greater London Council at a starting salary (under review) of £25,113. The official (when appointed) will be charged with "stimulating London's economy" and to help in "regenerating both employment opportunities and their industrial base" . . .; he is, too, expected to advise on "policy options," and "innovative approaches" and will be liaising with numerous organisations . . . "currently concerned with economic policies and research." The terms of reference include the entire gamut of radical chic economic garniture.

I *am a London ratepayer* — both business and private—and I question the need for this appointment; to begin with a *chief economic adviser and* his entourage are expensive—costing much more than their nominal salaries; but apart *from costs it is difficult* to envisage success in this job for the following reasons.

Applicants, the advertisement reads, "will probably have substantial experience at a senior level" in the following areas: local authority (or other public agency); industrial development; nationalised industries; co-operative development; trade unions; management of productive enterprises; academic work. If by "management of productive enterprises" the GLC means the private sector, why does it fudge the description in the advertisement? But in any event I cannot quite imagine how candidates recruited from the other prescribed categories are likely to be successful, unless they have real world experience of re-invigorating private industry —a task which GLC planners must have in mind: it is private industry which generates profits and employment.

What evidence is there of a need for a chief economic adviser? "Major policy options" on which his advice will be sought are limited and well-*known; as to "innovative* approaches" what does the GLC require beyond prudent economic management (miracles perhaps?) often at variance with political objectives?

Winston Churchill did not win the war against Adolf Hitler by recruiting a bevy of political scientists to help him with his politics—he won it by understanding the problems of war and the nature of evil he was up against. The industrial regeneration of London will not *be furthered by recruiting more* economists; the present GLC ruling caucus must first understand what makes business prosper — a subject fraught with much unsuccess among the Little Noddy School of municipal economic planners.

Nicholas Stacey.
The Reform Club,
Pall Mall, SW1.

Multi-currency cheques

From Mr A. Hall.

Sir,—I do not know who Mr Hummel (August 24) banks with in the United Kingdom, but I can assure him that customers of the bank that I work for, one of the "Big Four," can, and do, issue cheques in any currency on their accounts at *this bank. This inevitably costs* them a little more than the straightforward conversion into sterling because of collection costs charged by the foreign banks.

A. W. H. Hall.
44, Churchill Close,
Ashby-de-la-Zouch,
Leicestershire.

Use any symbol

From Mr J. Hughes

Sir, — As an U.K. employee of a large international bank, I would like to comment on F. C. Hummel's letter (August 24) which asked why banks in Britain do not provide a service whereby a customer can write out personal cheques in any currency.

Let me say quite simply that they do. Since the abolition of exchange control there is no legal reason why you cannot use a sterling cheque book to pay currency bills abroad. Indeed some individuals and companies already do so by deleting the pounds sterling symbol and inserting the currency of their choice. The drawback is, however, that the Eurocheque card does not guarantee such cheques, so that the payee must accept them at his/her own risk which many are reluctant to do.

For this very reason the method is not widely used and a majority of customers still prefer to employ the services of their bank to settle such bills on their behalf. This is not only more efficient in terms of speed and safety but it also enables the UK customer to know exactly how much sterling the currency will cost him at the outset. He need not worry about fluctuations in currency unlike the customer using his sterling cheque book who, in times of adverse market conditions, may pass many sleepless nights before the cheque is presented to his UK bank for payment.

Jeffrey M. Hughes.
5, Ilkley Way,
Thatcham, Berks.

Today's Events

GENERAL

UK: British Rail management *and unions meet on pay and pro*ductivity agreement.

Cricket: Sixth Test Match, England v Australia, opens at the Oval *(until September 1).*

European Festival of Model Railways opens at Central Hall, Westminster (until September 5).

Helping Recession Recede conference, Guild Hall, Preston.

Kasatka Cossacks folk dance programme opens, Queen Elizabeth Hall (until August 29).

Overseas: Polish union Solidarity and Government talks on media control.

Sir Ronald Gardner-Thorpe, Lord Mayor of London, makes a presentation to Kansas City.

OFFICIAL STATISTICS

Department of Energy publishes energy trends.

COMPANY MEETINGS

George Bassett, Livesey Street, Owlerton, Sheffield, 3.30 Benlox, Winchester House, 100, Old Broad Street, EC, 2.30 Initial Services, The Chartered Accountants Hall, Moorgate Place, EC, 12.15. Investment Company, St Martin's House, 16, St Martin's le Grand, EC, 12. A. Monk, Green Lane, Padgate, Warrington, 3. Phillips Patents, Grand Hotel, Aytoun Street, Manchester, 12. Redland, Plaisterers Hall, London Wall, EC, 12.15. Spong, Repton Close, Basildon, 11.30. Vinten, The Athenaeum, Angel Hill, Bury St Edmunds, 12. Whittington Engineering, South Street North, New Whittington, Chesterfield, 12.

COMPANY RESULTS

Final dividends: Barget Group, Mining Supplies, Second Alliance Trust, Somportex Holdings. **Interim dividends:** Alliance Trust, BBA Group, Hill and Smith, Lambert Howarth Group, Lec Refrigeration, Refuge Assurance, Scottish Agricultural Industries, Wagon Finance Corporation. **Interim figures:** Needlers, Scottish Investment Trust (third quarter figures).

LUNCHTIME MUSIC, London

Concert by the Metropolitan Police Band, St Paul's Steps, 12.30 pm.

Piano recital by Roger Cutts, St Lawrence Jewry, Gresham Street, 1 pm.

Songs and sketches from Paul Weston and Graham Tomlin (lunch from 1 pm), St Andrew Undershaft, 1.20 pm.

UK COMPANY NEWS

Overseas side boosts Blue Circle to £50m

WITH THE growth in profits coming entirely from overseas, pre-tax surplus of Blue Circle Industries, manufacturer of cement and allied products, expanded by 49 per cent from £34.2m to £50.9m for the first six months of 1981, on turnover well ahead at £372.4m against £303.6m.

The directors say that profits reflect a continuation of the pattern which emerged in the second half of 1980, of falling demand in the UK and strong performance overseas — surplus for that period was £44.4m lifting the year's figure to £78.6m.

First-half earnings per £1 share are shown as 23.8p (18.4p) and the interim dividend is increased from 5p to 5.75p net — last year's final was 10p.

The economic recession affected all areas of the group's business in the UK. Home trade deliveries of cement in the period were 3.6m tonnes, compared with 4.5m, a fall of 20 per cent, and exports totalled 0.3m tonnes, against 0.6m tonnes. In response to this lower level of demand further rationalisation of operations and improvements in efficiency have been achieved and costs significantly reduced, the directors state.

Profits from overseas operations, before tax, interest and minorities, jumped from £19.7m to £37m, with excellent results from the main sectors, Mexico, Chile and Australia. These contributed, respectively, profits of £12.5m (£7.3m), £8.5m (£2.4m) and £2.3m (£1m). Results also include, for the first time since 1975, some £500,000 from SPC, the group's Zimbabwe subsidiary.

The directors say there were sound performances from the majority of the other overseas companies — overseas accounted for 65 per cent of the group share of pre-tax profit.

The fall in the value of sterling, since June 30 1980, has increased taxable profits by £3.7m, the directors state.

Provided on the depreciated current cost of fixed assets, the six months charge for depreciation amounted to £26.3m, against £21.8m.

Trading profits were £34.1m (£26.7m) and were split as to UK £15.8m (£19.5m) and overseas £18.3m (£7.2m). Associates share increased from £12.6m to £18.8m.

Pre-tax figure was struck after interest payable, less receivable, of £2m, compared with £5.1m, and was subject to tax, less grants, amounting to £22.8m (£18.1m).

The after-tax figure was boosted last time by an extraordinary credit of £17m, making the £25.3m attributable balance £66 mlower than last year.

Group results include, for the first time, figures from Armitage Shanks. Pre-tax profits were £3.15m for the six months, compared with £3.27m for the previous nine months, from turnover of £32.25m (£42.55m).

After tax and minorities, the attributable profit was £2.05m against £1.57m.

Sir Roland Wright, group chairman, said later that the group's UK market share had dropped from around 59 per cent to just over 56 per cent during the half year, the decline partly reflecting the impact of a three-week wage dispute, in June, reckoned to have cost between 100,000 and 120,000 tonnes in lost output.

By the year end Sir Roland forecast that industry volumes could show a drop of between 14 and 15 per cent.

The group's major rationalisation moves were announced last year—1980 figures reflected the cost of closures and redundancies—but the chairman said that the possibility of further rationalisation moves remained.

See Lex

Asda moves ahead to £51.39m

TAXABLE profits of Associated Dairies advanced from £49.98m to £51.39m in the 52 weeks to May 2 1981 on increased turnover of £1.19bn compared with £999m for the previous 53 weeks.

At the 28 weeks stage this dairy, supermarket and store operator was already ahead with pre-tax profits of £22.76m (£22.54m) and turnover stood at £598.6m (£448.08m).

As forecast in the interim report the final dividend is being increased to 2p net (1.69p adjusted for one-for-three scrip issue) per 25p share making a total for the year of 3.75p (adjusted 3.19p). Earnings per share are stated at 13.56p (13.29p) and at 11.29p (11.22p) providing fully for deferred tax.

Profits before tax were struck after depreciation of £13.42m (£9.51m). Tax took £17.18m (£17.43m) and after minority debits of £19,000 (£5,000) and extraordinary credits of £551,000 (£60,000) the attributable profits emerged at £34.74m (£32.61m).

An EGM is proposed to approve an increase in the authorised capital by £23m by the creation of 92m 25p shares and to make a one-for-three scrip issue.

See Lex

London Brick over £2m lower after six months

PROFITS of the London Brick Company fell sharply in the first half of 1981 and the directors warn that with the outlook for the building industry remaining depressed they anticipate no increase in demand for bricks this year.

"Any improvement in profit," they say, "will therefore have to come from cost saving and rationalisation, where the company is already benefiting from what has so far been achieved."

Taxable profits for the half year slumped to £5.16m compared with £7.42m, on turnover down from £65.42m to £63.93m.

The directors say an interim dividend will be declared in October. Last year 1.7342p net was paid followed by a final of 2.632p. Profits before tax for 1980 were down from £12.74m to £10.74m after a strong advance mid-year.

The taxable surplus for the first half of the current year was struck after depreciation of £1.52m (£1.37m) and included investment income much lower at £267,000, against £1.06m.

The attributable balance emerged at £1.55m (£3.67m) after tax of £2.09m (£3.75m) and an extraordinary debit of £1.51m being closure costs of the Ridgmont works.

The directors point out that the closure of the Ridgmont works has allowed the remaining works to revert to full-time working with a consequent beneficial effect upon unit costs. They add that there has been some improvement in deliveries and bricks have been lifted from stock.

Although the recession caused difficulties for the group's subsidiaries in the half year they nevertheless achieved an overall increase in profit.

Comparative figures have been adjusted to exclude associated losses amounting to £215,000 in respect of a company incorporated in Iran.

● **comment**

In late May London Brick's chairman warned that the extraordinary costs attached to the Ridgmont closure might exceed the overall trading profit. So there must be profound relief that interim pre-tax profits have fallen a mere 30.5 per cent to £5.2m—well above extraordinaries of £1.5m even if tax is added back. By comparison the previous half had seen a 64 per cent drop, and while deliveries have recovered by 8½ per cent compared with the second half of 1980, they remain 16 per cent below the first half level, and the company was working a four-day week for most of the period. Given these trends, the lower unit costs associated with the Ridgmont closure should produce a strong second half—which is why the shares jumped 7p yesterday to 80p, to yield 8 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AI Industrial	int.	nil	—	nil	—	0.01
Assoc. Dairies		2	—	1.69*	3.75	3.19*
Blue Circle	int.	5.75	Oct 19	5	—	15
Comben Group	int.	1.2	Oct 8	1.2	—	2.55
Gillett Discount	int.	7	Sept 21	7	—	17.71
Hawley Leisure	int.	1.1	Jan 11	1*	—	2.67*
Moran Tea		3	Oct 1	3	5	8
Nichols (Vimto)	int.	4.5	Oct 22	3	—‡	7
Pearl Assurance	int.	8.5§	Oct 9	7	—	20
Thos. Robinson	int.	0.5	Oct 7	1	—	5
J. Saville Gordon		2.4	Nov 6	2*	2.93	2.44*
Seascope		5	Sept 16	5	13	13
Slough Estates	int.	1.25	Oct 12	1.1	—	2.76
A. G. Stanley	int.	1	Oct 16	1	—	2.5
Victor Products		2.75	Oct 7	2.75	4.25	4.25

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of not less than 5p forecast. § Increase does imply some percentage rise in final.

Johnson Matthey improves

CHANGES IN interest account for much of any increase in taxable profits from £10.21m to £12.05m earned by Johnson Matthey in the quarter to June 30 1981—the first of the current year. This time there was a credit of £36,000 for interest, against charges of £2.65m.

The invoiced sales of the group—which is involved in refining precious metals, banking, manufacturing chemicals and producing raw materials for the ceramics industry—were £190.59m (£221.54m), excluding Johnson Matthey Bankers.

In the year to March 31 1981 sales—again excluding the bankers—amounted to £901.49m (£823.73m) and pre-tax profits were £45.8m (£38.62m).

Tax for the three months is estimated at £3.03m (£3.34m) and after crediting exchange variations of £4.04m (£1.38m) the retained balance came out at £13.06m (£8.25m). The exchange variations include realised and realisable exchange gains, while translation differences relating to the net assets of overseas subsidiaries and associates have been taken to reserves.

Capital employed at the end of June stood at £305.17m (£251.8m). Precious metal stocks were £73.34m (£69.01m) and were valued at base prices plus attributable tax. Had market values been used the figure would have been £43.58m (£76.71m) higher.

Taxable profits were struck after depreciation of £2.35m (£1.44m). Earnings per £1 share are given as 27.1p (25.4p)—calculated on an annual basis.

See Lex

Yearlings total £11.25m

Yearling bonds totalling £11.25m at 14¼ per cent redeemable on September 1, 1982 have been issued this week by the following local authorities:

Aylesbury Vale DC (£0.5m); Suffolk Coastal DC (£0.5m); West Lothian DC (£0.25m); Pendle (Borough of) (£0.25m); Blaenau Gwent (Borough of) (£0.5m); Gateshead (Borough Council of) (£0.5m); Glamorgan (Vale of) BC (£0.25m); Lothian Regional Council (£1m); Wakefield (City of) Metropolitan DC (£0.25m); Brighton BC (£1m); Hounslow (London Borough of) (£0.5m); West Yorkshire Metropolitan CC (£0.75m); Dudley Metropolitan BC (£0.5m); Oldham Metropolitan BC (£1m); Rother DC (£0.5m); St. Edmundsbury BC (£0.5m); Wakefield (City of) Metropolitan DC (£0.5m); Cleethorpes BC (£0.5m); Cynon Valley (Borough of) (£0.5m); Wycombe DC (£1m).

Slough Estates rises £1.24m

INCLUDING this time a £740,000 profit on the sale of an investment, taxable surplus of Slough Estates rose from £5.65m to £6.89m for the first half of 1981. In the light of current trading, the company sees no reason to alter its expectation of some further profit growth this year.

The company says it will continue to match its property development programme to meet the demands that it can foresee existing for 1982, while it continues to seek land for new development in all countries in which it operates.

First-half tax was again £0.65m. Earnings per 25p share increased from 3.61p to 4.37p, and the interim dividend is being raised to 1.25p (1.1p) net—last year, the total payment was 2.76p.

The company's UK leasing activity has not improved over last year's modest levels, but in the first half some £500,000 was added to the annual rent roll as a result of new lettings.

The construction programme has been curtailed to reflect the current level of demand.

The small office investment at Watford has been disposed of and terms have been agreed for the sale of the recently completed Flight Training Centre at Crawley. Both these sales will show satisfactory profits which will be taken to capital account.

Consumption of utility services at Slough remains below the depressed level of 1980 and the division still suffers from the effects of the Government's energy pricing policies.

The contractors installing the new gas turbine and waste heat boiler have fallen several months behind on the completion programme and no benefit from its better efficiency will be received this year.

● **comment**

Slough Estates has had to cut its construction programme to fit the thin demand for industrial premises. Likewise, there has been little upward move in rent levels since the beginning of 1981. Even so, the rent roll has been lengthened and expenditure on developments is expected to catch up with 1980 by the year-end. Electricity generation in Slough is still an unprofitable enterprise. When more efficient plant comes on stream next year, there should be a vast improvement in operating results, but profits will remain at the mercy of the nationalised power industries: input gas is expensive in relation to the prices which Slough can charge for the output. Up 1p at 140p, the shares trade on a prospective fully-taxed multiple close to 30 and a yield of 3.2 per cent.

Six months' loss at T. Robinson

IN THE six months to June 30, 1981, Thomas Robinson and Son slumped from taxable profits of £21,000 to losses of £208,000, on lower turnover of £3.69m, compared with £3.9m.

The directors of this engineer and machine maker say this downturn is due to a fall in demand, and the need to meet the prices and terms of Continental competitors.

They are halving the interim dividend to 0.5p net per 25p share. Last year a total of 5p (4.8232p) was paid on pre-tax profits of £370,000 (£1.2m).

Looking to the rest of the year the directors say orders in hand will assure reasonable levels of production for some months, but competition for new orders is very keen.

The taxable losses were struck after interest received of £96,000 (£146,000) and depreciation of £304,000 (£125,000). There was again no tax charge.

The unaudited results of the Australian subsidiary are included in the consolidated figures, but those of the two associates Robinson Reunert Pty and Thomas Robinson (Far East) are not.

Pearl attributable up 27%

A rise of 27 per cent in profits attributable from £4.49m to £5.71m is reported by Pearl Assurance Company for the first half of the year.

The life transfers from the ordinary branch is lifted by 21 per cent from £1.67m to £2.03m and by 19 per cent to £2.5m (£2.1m) from the industrial branch.

The contribution from the General branch amounted to £500,000, compared with a loss of £320,000, with underwriting losses slightly lower at £2.92m against £3.03m. Investment income was up by 26 per cent to £3.42m (£2.71m).

The interim dividend is lifted over 20 per cent from 7p to 8.5p, but the company says that this should not imply a similar percentage increase for the final.

Premium income in the General branch rose by 14.6 per cent from £28.9m to £33.11m, a growth rate regarded as satisfactory. The underwriting loss in the property account, mainly householder, was significantly reduced by £0.83m to £1.04m, following the measures taken by the company in recent years.

But the loss on the motor account was more than doubled to £1.02m (£450,000), despite lower numbers of claims and a slackening in the rate of increase in claim costs. The company attributes the loss to adverse developments on a few liability claims outstanding from previous years.

The company reports a varied pattern for new life and pensions business. New annual premiums declined nearly 3 per cent from £14.2m to £13.91m, but annual premiums in the Ordinary branch rose slightly to £6.75m (£6.67m). Single premiums in this branch showed better growth increasing by nearly 20 per cent to £4.15m against £3.5m.

The company points out that new business in both branches has been adversely affected by current economic circumstances, since Pearl transacts its business mainly among those people most severely affected by the recession.

Unit-linked business, transacted by the two subsidiaries, showed a rise of over 6 per cent in annual premiums from £1.63m to £1.74m, but a decline of 30 per cent in single premiums to £2.77m.

The new unit-linked pensions subsidiary which commenced business in 1980 showed a relatively large increase.

Pearl Assurance (Unit Funds) is currently generating a pre-tax surplus of £500,000 per annum, while Pearl Assurance (Unit Linked Pensions) is running at a small profit.

But, for reasons of tax efficiency and financing future growth, the company do not intend to pass this profit at present to the P and L account.

● **comment**

The measures taken by Pearl Assurance to stem the underwriting losses on its general insurance business are beginning to pay off, with slightly lower losses on higher premium income. The company has been caught on its motor account by a few heavy claims from previous years, but the general trend is one of improvement in both motor and household and the outlook for the year, given continued good weather, is favourable. The lack of growth in new life business has long term implications, but the unit linked operations are profitable and shareholders can look forward soon to benefits from this source. The share price shed 2p to 446p yielding 7.4 per cent on an anticipated 23p net dividend.

GILLETT BROS.

Gillett Brothers Discount is holding its interim dividend at 7p net on account of the year ending January 31 1982.

The company does not disclose interim figures, but says profits for the first six months, excluding the surplus arising on the sale of Kirkland-Whittaker, were lower than those for the corresponding period of 1980, but better than those of the second half.

For the whole of 1980-81 attributable profit was £575,000 and the total dividend 17.71p.

AI Industrial remains in loss

AS PREDICTED by Mr Alan Lloyd, the chairman, at the AGM last April AI Industrial Products remained in loss in the half-year to June 28, 1981 incurring a pre-tax deficit of £595,000, compared with £149,000.

Mr Lloyd points out that although the loss was greater than for the corresponding period it shows an improving situation on the outcome for the half year to December 31, 1980—taxable loss for that six months amounted to £758,000 (£366,000).

Although the recession, which is affecting all divisions to some extent, shows no clear signs of abating, the chairman says, demand for certain products has increased slightly in recent weeks and the more realistic value of the pound, provided it is maintained in the longer term, "augurs well for the group's exports when overseas demand improves."

In these circumstances improved results are anticipated during the second half although Mr Lloyd says it could be well into 1982 before the company "experiences conditions which will permit a return to profitable trading."

Turnover of the group which manufactures domestic, electrical, industrial and technical ceramic products and cast, forged and fabricated metal products, fell back in the half year from £10.57m to £7.83m.

The taxable surplus was struck after depreciation of £221,000 (£231,000) and interest charges of £383,000 (£361,000).

After tax of £4,000 (£5,000) and an extraordinary credit this time of £56,000 the attributable loss emerged at £553,000 (£164,000).

Stated loss per 25p share was 6.25p (1.68p) and there is again no interim dividend. Last year a nominal 0.01p final was paid.

Mr Lloyd says because of the deepening recession it was not possible to attain a satisfactory level of activity principally at Blakey's Malleable Castings where sales fell by 25 per cent.

Total costs of operating the Milton works increased in excess of 10 per cent compared with first half of last year at a time when market conditions for high tension products inhibited an appropriate increase in sales revenue—particularly in export markets. This resulted in a trading loss for the division. Other group activities generated marginally improved trading results with the exception of low tension products the chairman says.

During the half year total borrowings were reduced by almost £650,000 following a reduction in the value of stock and the receipt of the initial proceeds from the sale of the Mason and Burns division.

● **comment**

Waiting for an upturn at AI Industrial is like waiting for Godot; the group's p and l account is now in its fifth year of deterioration and the first half losses are worse than the market expected. This year could be a replay of last year's pre-tax loss of £900,000 and it looks as though AI will stay in the red until the second half of next year. In the past 18 months the group has lost more than a quarter of its net worth and gearing, although lower than a few months ago, is still at 50 per cent. There have been 170 redundancies in the first half, the group has been mostly on a three-day work schedule and once again the dividend has been passed. The company has hopes of future orders if and when the electrification of British Rail comes about, but this is hardly a panacea. Meanwhile, the shares hold at 18p against a net asset value of close to 70p per share.

Moran Tea falls £0.4m into the red

AS FORESHADOWED at the interim stage, the recession and high interest rates have affected 1980 results of Moran Tea Holdings, which for the full year show a pre-tax loss of £423,133, compared with a £100,098 profit previously.

The company's Indian tea subsidiaries also made a loss, because of the world-wide fall in prices and increased costs. In the UK, Moran's interests are in property investment and development.

Tax charge decreased from £39,481 to £31,562 and after a minority credit of £69,077 (£29,360 debit) the attributable loss came to £385,618, against a £31,057 profit. The final dividend is unchanged at 3p net, but the year's total is 3p lower at 5p.

Poor response to Jeavons

Underwriters who backed Pentos' hive-off of Jeavons Engineering by way of an offer for sale to the public have been left holding nearly two-thirds of the issue.

Pentos, an industrial holding company which has been divesting itself of several activities over the past year, owned Jeavons, the UK's largest manufacturer of gas pressure regulators, for five years before returning it to public ownership with an offer for sale of 60 per cent of the equity.

Stockbrokers Kitcat and Aitken arranged for an offer of 3.36m ordinary 25p shares at 62p each valuing the whole company at nearly £3½m. Pentos, which is retaining a two-fifths stake as a long term investment, originally paid £1.95m for the company.

However when the application list closed yesterday morning only 35 per cent of the stock had been subscribed for.

Jeavons is forecasting a profit of £575,000 indicating a fully taxed p/e of 12.6 at the offer price or 7.8 on the expected tax charge. The yield for a full year is pitched at 8.6 per cent.

Slip to £1.6m by Seascope

TAXABLE PROFITS of Seascope Holdings slipped from £1.64m to £1.6m in the year to May 31, 1981.

At the half-year stage this "close" company, involved in insurance and reinsurance broking, shipbroking and equipment leasing, was ahead with pre-tax profits of £588,000 (£579,000).

The final dividend is being maintained at 5p net per 10p share making a same-again total of 13p.

Looking to the current year Mr Charles Longbottom, chairman, says it is too early to make a meaningful forecast of profits.

Victor Products down

SECOND HALF profits of Victor Products (Wallsend), industrial and mining equipment manufacturer, were less than half the previous year's at £495,100 against £1.05m, and for the full 12 months ended April 30 1981, the taxable surplus was £749,000 behind at £1m. Turnover moved ahead from £11.66m to £13.37m.

The dividend is maintained, however, at 4.25p net with a same-again final of 2.75p.

The current year started with a continuation of poor trading conditions, but directors say the order book began to improve, to some degree, this month. This, coupled with operating economies that have been made, should improve the company's situation.

They add, however, that profits at the level of recent years are unlikely to be achieved.

Within the group, Transtar produced a good result and of the two acquisitions made last September, Victor Titley completely fulfilled board's expectations. Victor Beattie Hydraulics did not, however, with a very depressed market leading to losses in that company; but also to a search for new outlets, which are expected to bring results in the current year.

Earnings per share are shown as 10.4p against 18p.

Gillett Brothers Discount Company Limited

The directors of Gillett Brothers Discount Co. Ltd. have declared an interim dividend payable on 21st September, 1981, of 7% (1980 7%) on the ordinary share capital of the company. With tax credit this is equivalent to a gross dividend of 10%.

Profits for the first six months excluding the profit arising on the sale of Kirkland-Whittaker Group Ltd were lower than those for the corresponding period, but were better than those for the previous six months.

The company is not a close company under the Income and Corporation Taxes Act 1970.

LONDON BRICK COMPANY LTD.

The Directors of London Brick Company Limited make the following announcement:

INTERIM REPORT

Unaudited Consolidated Results prepared on a historic cost accounting basis	6 months to 30 June 1981 £'000	6 months to 30 June 1980 £'000	Year to 31 Dec. 1980 £'000
Turnover	63,931	65,415	123,869
Trading Profit	7,132	8,636	13,343
Less: Depreciation	1,521	1,366	2,809
	5,611	7,270	10,534
Investment Income	267	1,064	2,047
	5,878	8,334	12,581
Interest Charges	723	917	1,839
Profit before Taxation	5,155	7,417	10,742
Taxation	2,089	3,745	986
Profit before Extraordinary Item	3,066	3,672	11,728
Extraordinary Item less Taxation	1,514	—	1,091
Profit attributable to Stockholders	1,552	3,672	10,637

The statement issued last year in respect of the results to 30th June 1980 included share of Associated Companies' losses amounting to £215,000. The losses were in respect of a company incorporated in Iran and at the 31st December 1980 that company was no longer treated as an associated company. The losses have therefore been eliminated in the comparative figures shown above.

During the six months to 30th June 1981 the building recession has continued. There has been an overall reduction in housebuilding with a further drop in the public sector masking the slight improvement that has occurred in the private sector. Production has been reduced by the closure of Ridgmont Works at the end of May and the closure costs after taxation account for the extraordinary item of £1,514,000 shown in the figures. The closure of Ridgmont has allowed the remaining works to revert to full-time working with a consequent beneficial effect upon unit costs. There has been some improvement in deliveries and bricks have been lifted from stock.

The recession has also caused difficulties for the subsidiary companies but they have nevertheless achieved an overall increase in profit.

The outlook for the building industry remains depressed and no increase in the demand for bricks is anticipated this year. Any improvement in profit will therefore have to come from cost saving and rationalisation and here we are already benefiting from what has so far been achieved.

An interim dividend will be declared in October.

26 August 1981

LONDON BRICK

SPAIN

August 26	Price %	+ or −
Banco Bilbao	367	
Banco Central	335	+2
Banco Exterior	428	−4
Banco Hispano	346	+4
Banco Ind. Cat.	121	
Banco Santander	404	−2
Banco Urquijo	226	
Banco Vizcaya	389	
Banco Zaragoza	256	+2
Dragados	222	+3
Espanola Zinc	90	
Fecsa	74.2	+1
Gal. Preciados	61	−1
Hidrola	68	+2.5
Iberduero	60	−1
Petroleos	127	−1
Petroliber	84	
Sogefisa	54	
Telefonica	85	
Union Elect.	80	+0.7

LONDON TRADED OPTIONS

August 26. Total Contracts 926. Calls 784. Puts 142.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	300	26	—	36	10	50	—	316p
BP (c)	360	—	—	—	—	26	2	"
BP (p)	300	11	3	17	—	22	—	"
CU (c)	160	14	—	18	50	25	—	164p
CU (c)	180	7	22	11	—	13	—	"
CU (c)	200	2	—	3	1	6	—	"
Cons. Gld (c)	500	37	36	62	3	77	—	511p
Cons. Gld (c)	550	15	10	40	9	50	1	"
Court'lds (c)	70	2	—	5½	—	7	2	62p
GEC (c)	800	29	5	59	—	87	—	787p
Gr'd Met. (c)	180	18	54	28	42	33	—	194p
Gr'd Met. (c)	200	7	61	19	90	22	—	"
Gr'd Met. (c)	220	2	21	8	122	10	10	"
Gr'd Met. (p)	200	15	—	20	77	25	—	194p
Gr'd Met. (p)	220	31	2	33	—	35	50	"
ICI (c)	260	20	6	34	4	42	—	272p
ICI (c)	280	9	8	21	3	26	4	"
ICI (c)	300	3	10	11	30	16	—	"
ICI (c)	330	1	—	5	5	—	—	"
ICI (p)	280	16	6	20	1	25	—	"
Mks & Sp (c)	120	17	1	23	—	27	1	133p
Mks & Sp (c)	140	4½	—	8	4	15½	—	"
Shell (c)	360	26	9	42	—	52	—	376p
Shell (c)	390	14	1	22	1	32	1	"
Shell (c)	420	6	3	14	—	22	—	"
		November		February		May		
Imperial (c)	60	4	8	7	10	8½	2	61p
Imperial (c)	70	2	—	3	6	4½	—	"
Lasmo (c)	600	42	8	72	—	87	2	677p
Lasmo (c)	650	22	25	42	—	—	—	"
Lonrho (c)	80	10	—	12	—	14	2	87p
Lonrho (c)	90	4	15	8	6	10	58	87p
P & O (c)	130	2	18	14½	—	—	—	116p
Racal (c)	360	112	1	123	—	—	—	465p
Racal (c)	390	83	—	97	2	—	—	"
Racal (p)	460	25	1	38	2	45	—	"
Racal (p)	500	53	1	63	—	—	—	"
RTZ (c)	460	130	3	160	—	—	—	582p
RTZ (c)	500	99	2	130	—	—	—	"
RTZ (c)	600	44	12	67	—	77	—	"
RTZ (c)	650	29	1	40	—	—	—	"

C=Call P=Put

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	1980-81 Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
113	100	ABI Hldgs. 10pc CULS	113	—	10.0	8.8	—	—
78	39	Airsprung	72	+1	4.7	6.5	11.4	15.8
52	21	Armitage and Rhodes	45	+1	4.3	9.6	3.8	8.5
200	92½	Bardon Hill	198	—	9.7	4.9	9.6	11.7
104	88	Deborah Services	103	—	5.5	5.3	5.1	9.7
126	88	Frank Horsell	107	+1	6.4	6.0	8.8	23.3
110	39	Frederick Parker	64	—	1.7	2.7	27.8	—
110	64	George Blair	64	—	3.1	4.8	—	—
99	93	IPC	99	—	7.3	7.4	7.1	10.8
113	59	Jackson Group	107	—	7.0	6.6	3.4	7.6
130	103	James Burrough	126	+1	8.7	6.9	9.2	11.6
334	244	Robert Jenkins	307	−1	31.3	10.2	4.3	10.8
59	50	Scruttons "A"	59	—	5.3	9.0	9.1	8.4
224	188	Torday	188	—	15.1	8.0	7.2	12.5
23	8	Twinlock Ord.	12¼	−0¼	—	—	—	—
90	68	Twinlock 15pc ULS	75	−1	15.0	20.0	—	—
56	35	Unilock Holdings	37½	+0½	3.0	8.0	6.7	11.4
103	81	Walter Alexander	93	—	6.4	6.9	6.1	10.8
263	181	W. S. Yeates	235	—	13.1	5.6	4.5	9.0

THE TRING HALL USM INDEX
127.7 (−0.1)
at close of business 26/8/81
BASE DATE 15/11/80 100
Tel: 01-248 5675

CORAL INDEX
Close 556-561 (+9)

OIL INDEX
October Refined $41.50
December Refined $42.70

MINING NEWS

Hard times for RGC mines

BY KENNETH MARSTON, MINING EDITOR

THE STORY of lower earnings from the Australian metal mining companies is continued with news of a first profit of A$21.03m (£13m) and a dividend of 25 cents (15p) from Renison Goldfields Consolidated, the company which arises out of the recent merger of the Australian interests of London's Consolidated Gold Fields.

Gold Fields has just under 49 per cent of RGC which represents the merger of Consolidated Gold Fields Australia (CGFA), Renison, Associated Minerals Consolidated and Mount Lyell. Because the restructuring was not completed until June 25 it is not possible to present comparable earnings figures for RGC.

But George Marshall reports from Sydney that profits of CGFA for the year to June 30 dropped to A$11.13m from A$19.08m; Renison to A$18.69m from A$25.74m; Associated Minerals Consolidated to A$220,060 from A$9.3m; and Mount Lyell to A$2.15m from A$5.35m.

These results underline the view of Gold Fields that a merged group will be better placed to withstand metal price fluctuations than individual companies.

Renison, which suffered a near 17 per cent fall in tin prices and also industrial stoppages, completed its A$18.6m capacity expansion during the past year.

RGC is confident that if the tin price holds at present levels, Renison's profits will make a better showing this year. Prospects for the copper-producing Mount Lyell, however, remain bleak.

Utah Dev downturn

AUSTRALIA'S biggest coal exporting group, Utah Development, controlled by the U.S. General Electric, reports first half earnings 5 per cent lower at A$72.52m (£44.8m) compared with A$76.32m in the same period of last year despite a 16.8 per cent rise in gold shipments.

The fall reflects increases of 23.5 per cent in tax, 47.5 per cent in Queensland Government rail freight charges and doubled depreciation.

Utah's income before all Government charges was 16.6 per cent up at A$255.5m. Overall, the Government share of earnings in the half year rose to 71.6 per cent from 65.2 per cent while the company's share fell to 28.4 per cent from 34.8 per cent.

The company also expects a fall in earnings for the second half, pointing to the current strike at the central Queensland coal mine which has been going on for the past nine weeks and which shows little likelihood of ending in the near future. It has already resulted in an estimated revenue loss of A$75m.

On the brighter side, Utah is confident of opening up new markets in Brazil, Egypt and India and has recently sent a trial shipment of coking coal to a West German steel mill.

The company is 10.8 per cent-owned by Umal Consolidated which reports a net profit for the 12 months to June 30 of A$12.87m compared with A$18.13m for the previous 12 months; the financial year-end has been changed from December 31 to June 30.

Oakbridge back on top

AUSTRALIA'S Oakbridge mining and industrial group has made the promised come-back with a record net profit of A$9.34m (£5.77m) for the year to June 30 compared with A$4.44m in the previous 12 months.

The final dividend is lifted to 3.5 cents (2.2p) to make the year's total of 6.5 cents. This compares with 6 cents for the previous year when allowance is made for the 1980 share split.

The improved earnings performance came largely from finance and property activities and did well. The mining and the industrial interests earned less.

Oakbridge says that the Australian Government's change of policy, in rescinding its previous undertaking to remove the discriminatory tax on coal exports and extending this to steaming coal, "is very disturbing."

"This flat rate tax, unrelated to profitability, will introduce a great deal of uncertainty into cash flow projections for new projects and will make it more difficult for smaller and medium sized Australian companies to retain maximum equity."

Assoc. Manganese growth

THE South African ore and ferroalloys producer, Associated Manganese, has sharply increased first half operating profits and turnover. The pre-tax profit of R13.2m (£7.5m) compares with R8.07m for the corresponding period of 1980 and R9.40m in the second half of that year. An unchanged interim of 60 cents has been declared; the 1980 total was 180 cents.

Despite the improvement, the management remains ultra cautious on near term prospects.

It is pointed out that sales and profits can vary widely from period to period depending on the timing of export shipments.

Ore exports continue to be affected by depressed world steel industries. The company's ferromanganese plant continues to operate at almost full capacity. But the high carbon ferrochrome facility, which has been affected by slack demand and intense competition for export sales from other South African producers, has restricted operations to one furnace.

BIDS AND DEALS

32p bid for Robert Moss

Mr Murray McLean, a South African born businessman, has won control of Robert Moss, the plastic injection moulding group, and is making a formal bid for the remainder.

However, Mr McLean intends to maintain the company's market listing, and yesterday the shares rose 16p to 36p, 4p above the bid price.

The vehicle for the takeover is Orchard Holdings, Mr McLean's private investment company registered in Jersey. Yesterday, Orchard bought 48.2 per cent of Moss in the market at prices up to 32p, and promptly arranged to place 22.2 per cent with institutions and other investors.

They have agreed to give Mr McLean voting power over the shares during the formal bid which Orchard must now make under the rules of the Takeover Code.

A further 7.8 per cent is also in Mr McLean's hands because Gresham Trust and Industrial and Commercial Finance Corporation, which sold Orchard some of the shares but still retain 7.8 per cent, have also appointed him as their proxy.

Mr McLean, therefore, has 56 per cent of the voting power of the company but intends to keep only 26 per cent as a personal stake.

In the event of shares being accepted under the offer, Brown Shipley, Orchard's advisors said yesterday, arrangements had been made for institutions and other investors to buy those shares.

Pre-tax profits of Moss in the year to the end of March dropped from £457,000 to £271,000, but the dividend was maintained. The balance sheet at the year end showed net assets per share matching the bid price after a property revaluation.

Mr McLean was formerly chairman of Abercom Group, a diversified metals and engineering company based in Johannesburg, but also listed in the London market. In 1976 he left the company abruptly and this is his first business venture since that date.

CHURCHBURY/ LAW LAND

The offer by Churchbury Estates for Law Land has been accepted in respect of 27,642,606 ordinary shares (71.8 per cent) and 306,414 preference shares (87.54 per cent).

Prior to the offer period, Churchbury held 3,361,000 Law Land ordinary shares (8.73 per cent) but no preference shares. The company therefore owns and has acceptances in respect of 80.53 per cent of the ordinary capital.

The preference offer is now unconditional, and both offers are extended until September 16.

Winterthur will not lift offer for Provident Life

from Winterthur Swiss Insurance to acquire the 74.54 per cent of the equity of Provident Life Association of London it does not already own, contains little additional information to last week's announcement of the pending offer.

Samuel Montagu, on behalf of Winterthur, is offering 320p in cash for each ordinary share and 250p in cash for each preference share. The offers will not be increased.

The document points out that the cash offer of 320p for the equity represents a 100p (45.5 per cent) increase over the middle market price on August 17, prior to the announcement and is 21.6 times Provident's 1980 earnings. The preference offer of 250p is 120p (92.3 per cent) above the market quotation.

Provident Life is controlled by former Tory minister John Profumo and other members of the Profumo family who between them own around 40 per cent of the equity, with the staff pension scheme of Provident holding another 7.4 per cent. Provident has already announced its rejection of the offer as inadequate and its formal reply is expected at the end of next week.

The offer closes at 3.30 pm on September 16 1981. Winterthur has indicated it would settle for 51 per cent control if necessary. The market has been speculating on a counter offer ever since the original announcement with the share price moving above the offer price. Yesterday it improved another 5p to 338p.

Suter negotiations off

NEGOTIATIONS have collapsed between Suter Electrical and McQuey-Perfex, a publicly-quoted U.S. company, over the sale of a 51 per cent stake in Suter's subsidiary, Searle Manufacturing.

Mr Jim Hoaglund, executive vice president of McQuey-Perfex, said yesterday that the two sides were unable to agree on the value of land and buildings in Fareham, near Southampton, which were to be included in the deal.

The price of the stake in Searle was to have been based on its net asset value of slightly more than £2m. However, Mr Hoagland said, considerably more was being asked for the Fareham property. "The size of the investment was more than we were authorised to spend," said Mr Hoaglund.

Searle, which is part of Suter's Prestcold subsidiary, manufactures heat-exchange equipment—unit coolers, condensers and coils—at Fareham. McQuey, based in Minneapolis, is a major producer of industrial heat equipment. The U.S. group said it will not be looking for another UK joint-venture.

Suter Electrical said yesterday that there had been a marked improvement in Searle's trading position in the last three months, with its order intake some 30 per cent ahead of the previous three months.

The company said it would not necessarily seek another investor for Searle. The subsidiary accounts for 15 per cent of the company's turnover.

Merits of Sangers' plan doubted

Financier Mr Tom Whyte, whose Bermuda-based company holds 17.4 per cent of the Sangers Group, said yesterday that he had doubts about the merits of Sangers' plan to dispose of its optics division.

"I'm surprised at the disposal and I'm surprised about the speed of the disposal. I'm not sure they couldn't get a better deal," said Mr Whyte He added that he had not decided whether to support the sale at the special shareholders' meeting on September 10.

Dollond and Aitchison, a subsidiary of Gallaher, the U.S.-controlled tobacco group, has agreed to buy Sangers' optics division for £5.7m in cash.

Mr C. M. Graham, chief executive of Sangers, said yesterday that the company was not involved in bid talks but added that "one or two people have asked to look at the shareholders' register."

Westbrick says Beazer bid is unacceptable

The Board of Westbrick Products, the Exeter-based brickmaker, has told its shareholders again in a letter that it considers a 75p per share cash offer from C. H. Beazer, the property development and construction group, as "totally unacceptable."

The letter, dispatched yesterday, says that the offer from Beazer does not represent a fair price for 100 per cent of Westbrick; is worth only 62 per cent of the historic net asset value of the shares; would deprive shareholders of a participation in Westbrick's future prosperity; provides no worthwhile commercial advantage to Westbrick; and does not enhance employment in the South West of England.

The offer closes on Friday.

TRICOVILLE BOARD BACKS TVL OFFER

The Board of Tricoville is of the view that there are benefits to be gained for its business in joining with Taurus Vehicle Leasing (TVL) to form a larger diversified group, Mr A. G. Imlah, the deputy managing director of Tricoville, says

The Board estimates that profits before tax and extraordinary items will rise to around £990,000 for the year ending July 19 1981, against £900,000 previously. Although the Board expects Tricoville to maintain its improving profits trend in 1980-81, it points out that the company is in a sector which is volatile

AUSTIN BUYS BEAUTILITY

The on-off talks between Bowater Corporation and F. Austin (Leyton) about the sale of Bowater's Beautility furniture subsidiary, concluded yesterday in agreement.

Austin has bought Beautility "for a nominal consideration." The domestic furniture manufacturer, which is complementary to Austin, is said to need an injection of working capital and Austin's board is making arrangements to raise additional funds.

Shareholders will be given details of the fund-raising exercise as soon as possible, Austin said yesterday. It will also outline its plans for Beautility, which include transferring it to Austin's factory in Leyton.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: BBA, Hill and Smith, Lambert Howarth, Lec Refrigeration, Mixconcrete, Refuge Assurance, Scottish Agricultural Industries.

Finals: Barget, Mining Supplies, Sime Darby, Somportex

FUTURE DATES

Interims—	
Christies International	Oct 7
Church	Sept 3
Costain	Sept 8
Jones and Shipman	Sept 16
Finals—	
Fletcher Challenge	Sept 10
Gresham Investment Trust	Sept 1
Twesfontein Utd. Collieries	Sept 10

GALLAHER BUYS

Cazenove has purchased 604,800 Ofrex ordinary shares at 190p on behalf of Gallaher Investments.

Hawley profits doubled

PRE-TAX PROFITS of Hawley Leisure advanced sharply from £501,000 to £1.1m in the six months to June 30 1981 on turnover well up at £24.98m, compared with £13.06m.

The net interim dividend is being effectively increased from 1p to 1.1p after allowing for the two-for-one scrip and the consolidation of the 5p shares into units of 25p. Last year's final was equivalent to 1.666p.

A new class of preference capital is also proposed by way of a scrip issue to existing ordinary holders on the basis of one 12.5 per cent cumulative preference share of £1 for every 38 ordinary shares held.

The taxable surplus for the half-year was struck after interest charges of £657,000 (£311,000).

There was no tax charge (£50,000 last time) and after minorities of £3,000 (nil) the attributable balance emerged at £1.11m (£451,000).

Stated earnings per share improved from a restated 4.1p to to 5.15p.

A profit arising from the disposal of the investment in Pritchard Services Group, held by Provincial and its subsidiaries, has been treated as a pre-acquisition profit and credited directly to reserves.

A circular containing further details of the scrip, the acquisition of Electro - Protective Corporation of the U.S. (announced on August 3) and convening an EGM will be sent to shareholders shortly.

The group, formerly known as Hawley-Goodall Group, manufactures leisure goods, amusement machines and fitted furniture.

• comment

Hawley's advance in interim pre-tax profits—the figure has more than doubled—was in line with market expectations; the shares barely quivered, ending 2p higher at 70p. This first half growth owes less to acquisition than might be imagined. It contains only a few weeks of Provincial, and the main engine of expansion has been the rapid opening of new branches in its retailing subsidiaries. Volume in the existing branches has not done more than hold steady. There has, however, been further advance in the manufacture and distribution of video games (if not in site-rental). The curious scrip issue of 12½ per cent preference shares is designed to add another class of share for use in takeovers, a recent deal having aborted for want of the right paper. If Hawley remains on track for the rest of the year—making £3.3m before tax—its fully-taxed p/e is a mere 17.

Comben Grp £0.7m down midterm

TAXABLE PROFITS of the Comben Group fell from £2.81m to £2.1m in the six months to the end of June 1981, on increased turnover of £25.7m compared with £23.25m.

The interim dividend of this estate developer and house builder is being maintained at 1.2p net per 10p share. Last year a total of 2.55p was paid on pre-tax profits of £5.76m (£5m). Turnover was £52.56m (£51.06m).

The directors say the number of houses completed and sold is similar to the same period last year but in the present circumstances the need to provide incentives has reduced margins, and this is expected to continue for the rest of the year.

Tax took £400,000 (£350,000), after which the attributable profits emerged at £1.7m (£2.46m). Earnings per share are stated at 5.17p (6.9p).

• comment

Shares in Comben Group at 44p are back where they were last March after the announcement of 1980 results. That is as it should be, for the housing market is clearly showing that there will be no volume upturn this year. Comben is down by £700,000 at the pre-tax level over six months although its volume has been fairly static at about 750 units. At the trading level, its UK margins are off by about 2½ points to some 14 per cent but the inducements it must make to buyers are affecting borrowings—up by about £3m to £15m—and hence the pre-tax return on turnover has fallen substantially. Profits overseas have been clipped by £200,000 to about £500,000. Unit completions abroad may be up by a fifth to 120 homes this time while domestic sales could be down by, say, 100 houses to 1,400. While debt is starting to look quite high in relation to net worth of £23m, the shares, yielding 8.3 per cent, remain a hold.

Saville Gordon dives to £0.5m

WITH TURNOVER lower at £19.19m, against £26.99m, pre-tax profits of J. Saville Gordon Group have tumbled from £1.61m to £511,000 for the year ended April 30, 1981. At mid-year, the taxable figures were down from £723,000 to £316,000.

However, the company's present expectation is that this year's performance will show a marked improvement over 1980-81 and with this in mind, the final dividend is 2.403p net (adjusted 2p) on capital increased by the one-for-five scrip. This makes a total of 2.928p per share, against an equivalent 2.44p previously.

The company adds that an upturn in profitability is not imperative to service dividends, as an earlier conservative approach to payments has created a sizeable reserve to undistributed profits.

Earnings per 10p share are shown at 4.2p (13.2p) pre-tax: 2p (6.3p) on a fully taxed basis and 3.5p (10.1p) after-tax. Tax charge decreased from £383,000 to £87,000 and there were also extraordinary credits of £356,000 this time.

A divisional breakdown shows (in £000s): pipeline equipment and engineers' merchants £7,933 (£10,750) turnover and £509 (£1,166) pre-tax profits and metal trading and scrap processing £11,252 (£16,244) and £2 (£439) respectively.

Since the year end there has been a small improvement in demand for both engineers' supplies and foundry material, but margins are still adversely affected. But having trimmed overheads considerably in the period under review, the company says it is well prepared to take advantage of any upturn during the current year.

• comment

Saville Gordon has been badly hit by the problems of Britain's engineering sector with pre-tax profits down by more than two-thirds and overall volume by at least a third. Profits in the metal trading and scrap business virtually vanished as demand disappeared and the company took stock losses on various metals. Saville Gordon is traditionally a big supplier for British Steel, which explains in part the company's problems last year. On the pipeline and engineer merchant side a fall in demand also wiped out more than half of the previous year's profits. The company says it expects a "marked improvement" this year, but the indications are that a pre-tax of £¾m will be a significant achievement. Shareholders should not expect a return to the 1979-80 profit level before next year. With this in mind, the shares look expensive at 47p, riding on a fully taxed p/e of 22. The yield on a maintained dividend is around 9 per cent.

High interest charges hit A. G. Stanley

ALTHOUGH SALES of home decorative products group, A. G. Stanley Holdings, moved up from £23.91m to £25.9m, pre-tax profits declined 32.7 per cent from £1.03m to £0.69m for the half year to June 27, 1981. The company was hit by a sharp increase in interest charges—from £69,573 to £240,922—as a result of the purchase last September of the wallpaper mill.

Group volumes were maintained during the period despite a significant drop in total production of wallpaper and paint in the UK. De-stocking was a contributing factor to this fall which, at the retail end of the trade reflected itself in the continuation of "irresponsible" price cutting and "unsatisfactory" profit margins, Mr Malcolm Stanley, the chairman, states.

Sales so far in the second six months do not lead the company to believe the recession is over and Mr Stanley comments that the public is becoming very price conscious and buying less expensive items. The company has renegotiated its buying terms and in future all goods will be delivered direct to the stores.

A whole new range of wallcoverings was created at the mill during the first half. The chairman says this was time consuming and expensive when the normal life of wallcoverings is considered to be two years: one half of the range being replaced each year. The loss on this operation, after interest and depreciation, was £197,000.

The company has contracted for the sale of its Orpington office and warehouse for £750,000, once the accounts office completes its move to Holmes Chapel in October. These changes have incurred additional expenditure, most of which is provided for in the interim figures.

In recent weeks the company has contracted to purchase 12 stores from the Timberland Group.

Mr Stanley says he feels certain that some improvement cannot be long delayed and is confident that the company is well placed to take maximum advantage of any improvement.

The interim dividend is being held at 1p net per 5p share—last year's total was 2.5p on pre-tax profits of £2.22m (£2.98m).

Half-year taxable profits included investment income of £6,607 (£10,598) and a £250,611 (£210,562) surplus on property sales. Tax charge was £175,000 (£232,000) giving an attributable balance down from £792,282 to £517,369.

Stated earnings per share dropped from 3.15p to 2.04p.

• comment

Compared to others in the high street Stanley is doing reasonably well. Both its paint and wallpaper volumes are up while the sector as a whole is in decline. But volume is not profit and margins are being pared to the bone. On top of generally depressed trading conditions Stanley has a couple of particular burdens. The wallpaper mill bought last year should ultimately prove an exceptional buy but in the short term there is a substantial debt burden to service and a complete revamp of the range was needed. There has also been some double running costs of office staff and £80,000 of redundancy payments. Borrowings are being reduced as Orpington goes for £¾m and net shop disposals raise getting on for £1¼m. Undoubtedly 1981 will be a tough year and at 63p the shares, yielding 5.8 per cent, look on the expensive side, even with some second half recovery, but still Stanley represents a good long term hold.

Dollar weakens

Dollar weakened in thin nervous foreign exchange trading. The lower trend of Euro-dollar interest rates, and the fall in the Federal funds overnight rate in New York may have prompted some of the selling. The U.S. currency showed a slight upturn in late European trading when the Federal Reserve intervened to drain reserves from the banking system by way of reverse repurchase agreements.

Sterling gained ground against the weak dollar, but eased slightly against major European currencies.

European currencies improved against the dollar, with a little help from central banks. The D-mark was very firm at the top of the European Monetary System, while the Belgian franc replaced the French franc as the weakest EMS currency.

DOLLAR — trade-weighted index (Bank of England) fell to 111.9 from 112.4. It weakened to DM 2.4710 from DM 2.5030 against the D-mark, to FFr 5.9025 from FFr 6.01 against French franc; to SwFr 2.1475 from SwFr 2.1735 in terms of the Swiss franc, and to Y230 from Y230.25 against the yen.

STERLING — trade-weighted index (Bank of England) rose to 91.4 from 91.3 after opening at 91.4 and rising to 91.5 at noon. The pound opened at $1.8270-1.8280 and quickly fell to a low of $1.8250-1.8260. In the afternoon sterling improved fairly steadily to a best level of $1.8460-1.8470, but after the Federal Reserve money market intervention eased back to close at $1.8440-1.8450, a rise of 2.10 cents on the day.

D-MARK—The most consistently strong member of the European Monetary System, despite a softer tone in recent weeks. It fell sharply against the dollar, touching a five-year low, before a wave of dollar sales improved the situation. But expectations that U.S. interest rates will remain high for some time to come has once again led to a strengthening of the dollar against the D-mark and other major currencies — The D-mark gained ground against most currencies at the Frankfurt fixing. The dollar fell to DM 2.4875 from DM 2.5060 after the Bundesbank sold $37.4m, compared with $39.15m at the Tuesday fixing. It is also likely that the German central bank was active on the open market in a small way, but the main reason for the easing of the U.S. currency a reaction to sharp climb on Tuesday on indications that U.S. interest rates will remain high. In the afternoon the dollar eased further to DM 2.4765. Sterling fell to DM 4.56 from DM 4.5810 at the fixing, and the D-mark also improved against its EMS partners.

ITALIAN LIRE—Remaining quite firm within the EMS following the recent exchange control regulations, and the inflow of funds during the tourist season. A weak economy and continuing high inflation are likely to mean that the improvement is only temporary however—The lira was generally steady in Milan yesterday. Trading was thin, reflecting the lack of activity during the holiday period, and this as well as the exchange regulations and the tourist trade has helped to prevent any need for heavy intervention by the Bank of Italy to defend its currency. Market estimates put official intervention within a daily range of $20-30m recently. At yesterday's fixing the dollar fell to L1,239.80 from L1,247.95, and eased further to L1,237 in the afternoon. Sterling improved to L2,275.30 from L2,273.50 at the fixing, while EMS currencies showed small mixed changes.

THE POUND SPOT AND FORWARD

Aug 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8250-1.8470	1.8440-1.8450	0.72-0.82c dis	-5.01	2.35-2.45dis	-5.20
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 60.30-60.40. Six-month forward dollar 4.40-4.50c dis. 12-month 6.95-7.15c dis.

THE DOLLAR SPOT AND FORWARD

Aug 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8250-1.8470	1.8440-1.8450	0.72-0.82c dis	-5.01	2.35-2.45dis	-5.20
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 26	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.4	-31.8
U.S. dollar	111.9	+4.8
Canadian dollar	85.0	-17.9
Austrian schilling	116.9	+22.0
Belgian franc	104.7	+9.9
Danish kroner	85.2	-11.4
Deutsche mark	116.5	+38.1
Swiss franc	133.8	+81.0
Guilder	107.6	+14.1
French franc	81.5	-13.2
Lira	56.0	-56.1
Yen	143.0	+38.7

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	[illegible]	[illegible]
U.S. $	14	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Belgian F	[illegible]	[illegible]	[illegible]
Danish K	[illegible]	[illegible]	[illegible]
D mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn. Kr	[illegible]	[illegible]	[illegible]
Spanish Pta.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]
Greek Dr'ch.	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

Aug. 26	£	$		£ Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth. African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,723-13,763 and for the dollar 7,450-7,500. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.1596	+0.89	+0.98	±1.5361
Danish Krone	7.91917	7.88567	−0.42	−0.33	±1.6413
German D-Mark	2.54502	2.51685	−1.11	−1.02	±1.1386
French Franc	5.99526	6.02982	+0.58	+0.67	±1.3638
Dutch Guilder	2.81318	2.79830	−0.53	−0.44	±1.5159
Irish Punt	0.685145	0.689653	+0.66	+0.75	±1.6688
Italian Lira	1262.92	1255.14	−0.62	−0.62	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.845	4.560	424.5	10.885	3.963	5.076	2277.	2.237	74.45
U.S. Dollar	0.542	1.	2.472	230.1	5.901	2.148	2.751	1234.	1.213	40.36
Deutschemark	0.219	0.404	1.	93.09	2.387	0.869	1.113	499.2	0.490	16.33
Japanese Yen 1,000	2.356	4.345	10.74	1000.	25.64	9.335	11.96	5363.	5.269	175.4
French Franc 10	0.919	1.695	4.189	390.0	10.	3.640	4.662	2091.	2.055	68.40
Swiss Franc	0.252	0.465	1.151	107.1	2.747	1.	1.281	574.5	0.564	18.79
Dutch Guilder	0.197	0.363	0.899	83.65	2.145	0.781	1.	448.6	0.441	14.67
Italian Lira 1,000	0.439	0.810	2.003	186.5	4.781	1.741	2.229	1000.	0.982	32.70
Canadian Dollar	0.447	0.825	2.039	189.8	4.867	1.772	2.269	1018.	1.	33.29
Belgian Franc 100	1.343	2.478	6.125	570.2	14.62	5.323	6.817	3058.	3.004	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 26)

3 months U.S. dollars		6 months U.S. dollars	
bid 19 1/8	offer 19 1/4	bid 19 1/8	offer 19 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Aug. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13⅛-12¾	17¾-18	22-23	13½-13⅝	2 2½	[illegible]	24-30	40-50	[illegible]	[illegible]
7 days' notice	12⅞ 13⅛	18-18¼	22-23	13½-13⅝	18-18½	[illegible]	27-35	33½-38	17-23½	6⅝-6⅞
Month	13⅛-13⅜	17¾-18	22¼-22⅝	13⅝-13⅞	8⅛-8⅜	12⅛-12⅜	30-32	34¼-36	22-23⅝	7-7¼
Three months	13⅞ 14	18⅜-19⅛	21⅞-22¼	13⅜ 13⅝	9¼-9⅝	12½-12⅝	26½-28½	34-35	20½-21½	7½-7¾
Six months	14⅛-14¼	18⅞-19⅛	21-21⅜	13¼-13⅜	9⅝-9¾	12⅝ 12¾	23-24⅛	31⅞-32⅞	19¾-20½	7½-7¾
One Year	14⅛-14¼	18-18¼	20-20⅜	13-13⅛	8⅞-9⅛	12⅜-12⅝	20¾-22¼	29⅛-30⅛	18½-19	7¾-8

SDR linked deposits: one-month 16⅞-16⅞ per cent; three months 16⅞-16⅞ six months 16⅞-16⅞ per cent; one-year 15⅞-16 per cent.

ECU linked deposits: one-month 18⅛-18⅝ per cent; three months 17¾-18⅛ per cent; six months 17¾-17⅞ per cent; one-year 16⅛-16½ per cent.

Asian $ (closing rates in Singapore): one-month 17⅞-17⅞ per cent; three months 18⅛-18⅞ per cent; six months 18⅞-19 per cent; one-year 18⅛-18⅞ per cent. Long-term Eurodollar two years 17⅛-17⅞ per cent; three years 17-17⅛ per cent; four years 16⅞-17⅛ per cent; five years 16¾-17 per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.45-18.55 per cent; three months 18.60-18.70 per cent; six months 18.75-18.85 per cent; one-year 17.70-17.90 per cent.

MONEY MARKETS

Continued shortage

London clearing banks base lending rates 12 per cent

Assistance given to the London money market by the Bank of England was about twice the amount indicated as necessary by the early forecast yesterday. On the other hand Tuesday's help of £115m was £85m less than the final forecast shortfall. The authorities did not intervene in the morning, but the assistance in the afternoon totalled £106m, compared with an early morning forecast of a shortage of about £50m.

The help was provided by purchases of £5m Treasury bills in band 2 at 12⅝ per cent; £1m local authority bills in band 2 at 12⅞ per cent; and £100m eligible bank bills in band 2 at 12⅞-12⅞ per cent.

Major factors yesterday were the unwinding of repurchase agreements −£210m, while the balance of Exchequer transactions showed a net figure of +£140m.

Discount houses paid 12-12¾ per cent for secured call money, although some small balances were found at 11¾ per cent. In the interbank market overnight loans opened at 12½-12¾ per cent and touched 12¾-12⅞ per cent, before closing at 11-12 per cent, but market sources suggested that there was no indication that the assistance was overdone, and that banks are unlikely to carry forward surplus balances.

In Dublin the Central Bank of Ireland allotted I£15m Exchequer bills yesterday at an average discount rate of 16.1977 per cent and an average yield of 16.8794 per cent. The lowest accepted bid was I£95.95, and the next tender will be on September 2.

In Amsterdam expectations of tight conditions in the money market at the end of the month, and fears that U.S. interest rates will remain firm, put upward pressure on rates yesterday. Call money was quoted at 13⅜-13½ per cent, compared with 13¼-13½ per cent on Tuesday, while period rates were expected to firm as a reaction to the growing liquidity shortage. A deficit of Fl 7bn is anticipated next Monday, and although quota loans from the central authorities amounting to Fl 4.8bn, and a special advance of Fl 2.2bn should offset the shortage this leaves little room for manoeuvre. The firmness of the longer periods was more a reflection of events in the U.S. however.

In Frankfurt it was announced that there will not be a Press conference after today's regular meeting of the Bundesbank council. This is usually taken as an indication that credit policies will be unchanged. Call money was at the same level as the special Lombard rate of 12 per cent, compared with 11.90-12 per cent previously. Period rates were generally firmer.

GOLD

Firmer trend

Gold rose $5¼ to $414-416 in the London bullion market yesterday. It opened at $412½-414½, the lowest level of the day, and was fixed at $413 in the morning, and $414 in the afternoon. The metal rose to a peak of $415½-417½, helped by the easier trend of the dollar.

In Paris, the 12½-kilo gold bar was fixed at FFr 89,600 per kilo ($467.39 per oz) in the afternoon, compared with FFr 89,300 ($464.07) in the morning and FFr 89,000 ($460.21) Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 33,220 per kilo ($414.39 per oz), against DM 33,155 ($412.01) previously, and finished at $413-415, compared with $409-411.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $413.70, compared with $412.75.

In Zurich gold closed at $413-416, against $409-412.

	Aug. 26		Aug. 25	
Gold Bullion (fine ounce)				
Close	$414-416	(£224½-225½)	$408½-410½	(£224¼-225¼)
Opening	$412½-414½	(£225½-226½)	$411-413	(£224¼-225¼)
Morning fixing	$413	(£225.375)	$410.50	(£224.440)
Afternoon fixing	$414	(£225.345)	$409.75	(£224.336)
Gold Coins				
Krugerrand	$427½-428½	(£231½-232)	$423-424	(£232-232½)
1/2 Krugerrand	$224-225	(£121¼-121¾)	$220-221	(£120¾-121¼)
1/4 Krugerrand	$114-115	(£61¾-62¼)	$112-113	(£61½-62)
1/10 Krugerrand	$47-48	(£25½-26)	$47-48	(£25¾-26¼)
Mapleleaf	$427½-428½	(£231½-232)	$423-424	(£232-232½)
New Sovereigns	$103½-104½	(£56-56½)	$102-103	(£56-56½)
King Sovereigns	$117-119	(£63½-64½)	$116-118	(£63¾-64¾)
Victoria Sovs	$117-119	(£63½-64½)	$116-118	(£63¾-64¾)
French 20s	$119-124	(£64½-67)	$117-123	(£64¼-67½)
50 pesos Mexico	$514-518	(£278¼-280½)	$506-510	(£277¾-279¾)
100 Cor. Austria	$401-404	(£217-218¾)	$396-399	(£217¼-219)
$20 Eagles	$562-567	(£304¼-307)	$557-561	(£305½-307¾)

MONEY RATES

NEW YORK	
Prime rate	20½
Fed. funds	16⅞-16¾
Treasury bills (13-week)	15.76
Treasury bills (26-week)	15.78
GERMANY	
Special Lombard	12.00
Overnight rate	12.00
One month	[illegible]
Three months	[illegible]
Six months	13.05
FRANCE	
Intervention rate	17.125
Overnight rate	17.50
One month	17.50
Three months	17.875
Six months	17.375
JAPAN	
Discount rate	6.25
Call (unconditional)	7.3125
Bill discount (three-month)	7.46875

LONDON MONEY RATES

Aug. 26 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	11 12⅞	12½	—	—	12¾-13	11¾ 12½	—	—	—
2 days notice	—	—	13¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅞-13⅛	13½	—	13¼	13⅛-13⅜	12⅛-12⅜	—	—	—
One month	13⅛-13⅜	13⅛-13⅜	13⅝	14⅛-14⅛	13½	13⅝	12¾	12¾	12⅞-12⅞	13⅞
Two months	13¾ 13⅝	13⅞-13⅞	—	14⅛-14	13⅞	—	13	12⅞-13	13⅛	13⅞
Three months	13⅞-13¾	13⅞ 14⅛	14⅛	14⅛-14	14	14⅛	13⅛	13⅛-13¼	13⅜	13⅞
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14½ per cent; four years 14⅝ per cent; five years 14¾ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅝ per cent; four months trade bills 14 per cent. Approximate selling rate for one-month Treasury bills 12½ per cent; two months 12⅞ per cent; three months 13⅛-13⅜ per cent. Approximate selling rate for one-month bank bills 12⅝-12⅞ per cent; two months 12⅞ per cent and three months 13⅛ per cent; one month trade bills 13⅝ per cent; two months 13¾ per cent and three months 13⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association): 13½ per cent from August 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rate of discount 13.2663 per cent.

Setbacks at MGM Film and Columbia

By Our Financial Staff

INDICATIONS of the more difficult trading conditions in the U.S. film industry were given yesterday when Metro-Goldwyn-Mayer Film (MGM) admitted that it faces greatly increased interest changes and Columbia Pictures announced a fall in operating profits for fiscal 1981.

MGM, the motion picture and television programme group spun-off a year ago from the former Metro-Goldwyn-Mayer company, said its higher interest charges reflect the "substantial debt" used to buy United Artists for $380m and to increase film production. The company said its debts which are tied to the prime rate will have to be financed by short-term bank loans until it can arrange long-term financing.

The company has drawn down $179m under a $200m bank credit arranged to finance film production. It has also borrowed $250m to pay the cash portion of the acquisition of United Artists. MGM Film had planned to finance the deal with the help of a $200m issue of common stock, about half of which was to be purchased by Mr Kirk Kerkorian, who holds about 47 per cent of MGM Film's stock.

But the weakening of the U.S. equity market forced it to halve the offering to 5m shares.

Mr Jason Rabinovitz, MGM Film's vice president finance, said that there would be "no problem" meeting payments on the debt.

Columbia Pictures, whose president and chief executive officer, Mr Francis Vincent, had said in March that the company was "doing very well," reported a fall in operating profits for fiscal 1981.

They fell from $44.9m to $44.3m, on revenues down from $691.8m to $686.8m. In the final quarter ended June 27 they fell 36 per cent to $10.1m. This excludes a loss of $4m on discontinued operations.

Increased taxes on North Sea oil take toll at Intl. Thomson

BY OUR FINANCIAL STAFF

INCREASED taxation on its North Sea oil production took a sharp toll on second quarter and first half net profits of International Thomson Organisation, the publicly quoted company majority owned by the Thomson family of Toronto. Its activities include British oil, publishing and travel operations.

The second quarter net profit from continuing operations was £12.9m ($23m) or 9.3p a share, against £12.8m, or 9.2p, a year earlier. This brought the first half profit to £15.3m against £17.3m. Last year's figure excludes a loss of 0.9p a share in the quarter and 2.3p a share in the half from Times Newspaper Holdings, which was sold early this year.

The trading profit for the quarter was up by 31 per cent to £85.6m and by 13.5 per cent in the half to £138.7m.

The total tax take in the first was £119.8m including for the first time, supplementary petroleum duty, up 18 per cent from £101.4m a year earlier. Not only was the tax liability higher, but the provision for deferred taxes not currently payable fell to £25m in the half from £42m

The tax picture worsened in the second quarter with the total payable rising 40 per cent in 12 months to £71.3m.

While profits were depressed, turnover rose by 38 per cent in the quarter to £316.6m and by 27 per cent in the half to £531.8m. Although North Sea oil prices, set in U.S. dollars, declined in June, this was more than offset by appreciation of the dollar against sterling, the company's reporting currency.

ITO said its travel companies, principally Thomson Travel, are having "a successful year" with high summer load factors reflecting the continuing strong demand for packaged holidays. Its U.S. travel operations—still in the start-up stages—are running a higher loss than budgeted in spite of substantial growth in activity.

The company charges start-up costs as they are incurred. The amount charged in the first half was £8m, including the U.S. travel operations and ITO's new British directory venture.

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Bank of Nova Scotia dips but Bank of Montreal up

BY OUR FINANCIAL STAFF

BANK OF MONTREAL, Canada's third largest chartered bank, reported a 42 per cent rise in third-quarter net profits to C$94m (US$78m), in line with the industry's strong earnings growth this year.

But the Bank of Nova Scotia reported a 10 per cent drop in net earnings to C$53.4m.

Bank of Montreal's latest result, equal to C$1.61 a share against C$1.22 a year earlier, brought nine-months' profits to C$268m against C$190.6m a year earlier, a gain of 41 per cent.

Bank of Nova Scotia's profit for the three months ended July 31 came out at C$1.08 a share against C$1.28 and was achieved on revenues of C$1.7bn against C$1.24bn.

These figures brought the nine-months' results to net profits of C$170.1m, or C$3.57, on revenues of C$4.63bn, against profit of C$159.3m, or C$3.44, on revenues of C$3.59bn.

Allis to cut output of agricultural equipment

By Our Financial Staff

ALLIS-CHALMERS, the U.S. diversified engineering and machine-building group, announced yesterday that it would significantly cut output of all its agricultural equipment.

Mr David Scott, chairman, said high interest rates in the U.S. continued to depress demand for farm machinery. Total tractor sales in North America in the first half of 1981 had been the lowest for the past 10 years.

Last month Allis reported a drop of almost three-quarters in its first-half profits to $5.4m from the previous year's $20.5m. Coupled with price cutting and concessional financing, the cuts will further depress earnings, the company said.

Sales of all types of farm equipment made up one-third of the group's $2.06bn turnover last year, yet contributed only 5 per cent of its profits. Mr Scott gave no details of the planned production cuts or of the number of employees who might be affected. The company indicated that its main aim was to allow dealers to reduce their inventories.

Some improvement in farm equipment sales this year was widely expected within the industry at the beginning of the year. This would be welcomed by at least two of the biggest North American producers, Massey-Ferguson and International Harvester, which have had to arrange huge refinancing operations.

However, sales forecasts have subsequently been revised sharply downwards and manufacturers now appear to be pinning their hopes on 1982, when it is confidently claimed that whatever the prevailing level of interest rates, many farmers will need to replace existing equipment.

U.S. PRODUCER STRENGTHENS TIES WITH NIPPON STEEL

Armco plans $671m tube expansion

BY IAN HARGREAVES IN NEW YORK

ARMCO, the large U.S. diversified steel company, yesterday announced a $671m plan to build a large seamless tube mill to serve the oil exploring industry.

The plant, which will be split between two sites at Ashland, Kentucky, and Gulfort, Mississippi, is one of the largest investments undertaken by any U.S. steel company in recent years.

Armco also announced yesterday a further link in its numerous ties with Nippon Steel, and Armco have signed a 10-year agreement under which armco will import between 20,000 and 50,000 tons of seamless pipes a year from Japan.

Mr Harry Holiday, chief executive of Armco, said that Armco had asked the Japanese steel company to supply tubes up to 1984, when its own new plant wil be in productoin, but that Nippon Steel had insisted the deal be extended to 10 years.

Armco says its studies show there will be room both for its own new facility, two planned by other U.S. steelmakers, and the imports from Nippon Steel without oversupplying the market.

The Armco mill will have an annual capacity of 450,000 tons of tubular goods, more than

Currently, importers are taking more than 35 per cent of the tubular goods market in the U.S. because the domestic industry, which is suffering from inadequate prifitability, failed to invest in new plant to service the oil drilling boom now under way.

By 1986, Armco thinks the U.S. oil industry will be absorbing 5.3m tons of seamless tubular products a year, with domestic capacity still at only 3.1m tons.

Mr Holiday said he was not afraid that other U.S. steelmakers would rush into the market and swamp it, because there are so few steel companies with the resources to make the necessary investment.

Armco would, he said, have at some point to make a long-term debt issues to help finance the project, but would wait until interest rates fell. With a low 19 per cent debt to equity ratio, Armco has one of the strongest balance sheets in the industry.

Armco's plan involves extending its Ashland steel plant to produce steel blooms for the project. The blooms will then be shipped down the Ohio and Mississippi rivers to Gulfport, where a finishing mill is to be constructed on a green field site. This strategy was chosen because of the advantages of having the finishing mill close to the centre of oilfield activities in the Gulf of Mexico and Texas.

More than 1,000 jobs will eventually be created at the two sites. The Gulfport investment alone is the third largest in the history of the State of Mississippi.

Armco, through its National Supply subsidiary, is already extensively involved in the energy industries. The company has a capital budget of $350m in the current year, but this is expected to increase in the next two years as the tube mill project gathers pace.

Tubemakers of Australia up 14%

BY GEORGE MARSHALL IN SYDNEY

THE heavy engineering group, Tubemakers of Australia, overcame difficulties in achieving projected export sales to lift earnings for the year by 14 per cent from A$22.2m to A$25.4m in the year to June 30.

Directors of the affiliate of Broken Hill Proprietary Co (BHP) have recommended a final dividend up from 6 cents to 6.5 cents a share for a total payout to 11.5 cents compared with 10 cents in 1979-80. The dividend is more than twice covered by earnings per share of 26.4 cents compared with 23.1 cents previously.

The earnings growth came on record turnover of A$570.3m, up 11.8 per cent from A$510.3m last time.

Directors said that manufacturing operations, after a satisfactory first half, suffered in the second half from disruptions to production caused by industrial action and some fluctuation in demand.

Export opportunities, in particular, were restricted in the second half because of the decline in world economic activity, increased competition resulting from a considerable surplus of overseas manufacturing capacity and appreciation of the Australian dollar against other currencies.

During the year Tubemakers' programme of plant modernisation accelerated with capital expenditure jumping from A$14.5m to A$18m. As a result the group's investment allowance rose from A$615,000 to A$720,000.

Pre-tax profit for the year climbed 12.2 per cent from A$40.8m to A$45.7m, but a reduced tax rate, resulting in a charge up from A$18m to A$19.9m left net earnings with a stronger gain.

Extraordinary credits totalled A$2.39m compared with a debit of A$571,000 last year. The credit is attributed to Tubemakers' sale of its 75 per cent interest in the Indonesian subsidiary Bakrie-Tubemakers in April.

Interest charges for the year were A$4.9m compared with A$4.68m while depreciation was up from A$6.4m to A$7m.

S. African life group advances

By Jim Jones in Johannesburg

LIBERTY LIFE Association, South Africa's third largest life assurance company and the largest which is listed on the Johannesburg stock exchange, increased premium income, net of re-insurance, to R126.2m ($134.3m) in the six months to June 30. In the first half of last year premium income was R94.8m and R212.9m for all of 1980.

Investment income, which includes dividends from Liberty's 19 per cent interest in Sun Life of the UK, and the 25 per cent stake in Montreal Life of Canada, rose to R49.9m from R37.4m in the first six months.

The net surplus attributable to shareholders came to R9.01m against R7.53m.

Directors say that new annualised premiums, which exclude single premium and annuity considerations, amounted to R25.3m compared with the previous record of R22.8m achieved in the first half of last year. Last year Liberty's continued to increase its interests in property in the belief that the property sector as a whole was recovering from a long period of depression.

An interim dividend of 60 cents has been declared from first half earnings of 82.6 cents a share. Last year's interim dividend was 50 cents from earnings of 69 cents a share. In 1980 total earnings were 165.1 cents and the dividend came to 120 cents.

The company has adopted a new dividend pattern in which the interim dividend is to be half of the total declared in the immediately preceding year. The final ordinary dividend will be determined in the light of the full year's result. This year management expects the total dividend will be around 140 cents.

Liberty Life is 81 per cent owned by Liberty Holdings, which has declared a 12 cents interim dividend from earnings of 19.24 cents a share. Last year Liberty Holdings paid a total dividend of 24 cents from earnings per share of 36.53 cents.

Lane Crawford at HK$36m

BY OUR HONG KONG CORRESPONDENT

LANE CRAWFORD Holdings, the department store chain operators controlled by Wheelock Marden, the Hong Kong trading house, has reported consolidated net profit, after tax and minorities, of HK$36.63m (U.S.$6.2m) for the six months to June 30.

Mr John Marden, the Lane Crawford chairman said that retail trading at all stores had continued to grow at a highly satisfactory rate, particularly at the Windsor House store. Rental and interest earnings had also improved. The interim dividend is set at 24 cents an A share and 2.4 cents a B share.

Extraordinary profits of HK$5.26m took total net profit attributable to the group to HK$41.9m. The extraordinary profit is to be transferred to capital reserves

Lane Crawford's decision last year to change its financial year year-end to December 31, from March 31, means that there is no direct comparison with previous interim periods. For the nine months to last December 31, Lane Crawford reported HK$42m of net profits after tax and minorities. The interim dividend for the nine-month period was 20 cents an A share and 2 cents a B share.

The total dividend for 1981 is forecast to be not less than 64 cents per A share and 6.4 cents per B share.

● Allied Investors Corporation, a Wheelock subsidiary, with interests including shipping, has reported profits, after tax and minority interests of HK$25.6m for the six months to June 30, compared with HK$25.4m for the nine months to December 31.

Extraordinary profits of HK$53.9m were made, in addition, giving a total net profit attributable to the group of HK$79.4m, compared with HK$95.8m in the previous nine months. The extraordinary gains are to be transferred to capital reserves.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday September 14. Closing prices on August 26

STRAIGHTS U.S. DOLLAR	Issued	Bid	Offer	Change on day	week	Yield
Amoco 13¾ 88	75	87⅞	88⅜	−0⅛	−1⅛	16.35
CIBC 4½ 84	185	94⅝	94⅞	−0⅛	−1⅞	17.10
CIBC [illegible] 86	75	96⅞	96⅜	−0⅛	−1⅜	16.30
[illegible] 96	75	90⅞	91⅛	+0⅛	−1⅜	16.90
[illegible] 2½ 91	100	81	81½	−0⅛	−1	16.79
[illegible] Int. Fin 15 86	150	96	96½	+0⅛	−0⅝	16.14
[illegible] O/S 15½ 84	175	97⅛	98	−0⅛	−1	15.49
[illegible] Canada 13½ 91	65	87⅛	88	−0⅛	−1⅛	16.05
[illegible] 4⅝ 93	65	90½	90⅞	+0⅛	−1⅝	16.57
[illegible] 2⅝ 89	75	83⅝	84⅛	+0⅛	−1½	16.58
[illegible]ado 13¼ 86	50	89⅛	89⅜	−0⅛	−1⅛	16.63
[illegible] de France 13 88	125	85⅞	86½	−0⅛	−0⅞	16.62
[illegible] Bs. D. 12⅝ 85 (N)	50	86⅝	87⅛	+0⅛	−0⅝	16.73
[illegible] Bs. D. 15⅝ 84 (J)	40	98⅛	98⅝	+0⅛	−0⅛	16.37
[illegible] Exp Credit 10½ 85	50	81⅛	82⅛	−0⅛	−1⅜	17.29
[illegible]nd. Rep. of 9½ 86	100	76⅝	77⅛	−0⅛	−0⅜	17.11
[illegible] Cr O/S Fin. 16 84	150	99½	99⅞	0	−0½	16.04
[illegible] Cr. O/S Fin. 16 85	150	97⅛	97⅝	+0⅛	−0⅛	16.92
[illegible] de France 13½ 86	80	89½	90	−0⅛	−1	16.91
[illegible]AC O/S Fin 12⅞ 88	100	86	86½	−0⅛	−1⅞	16.43
[illegible]AC O/S Fin 14⅝ 87	100	92⅛	92⅜	−0⅛	−1⅛	16.82
[illegible] M[illegible] O/S 11⅞ 87	100	83	83½	+0⅛	−1⅛	16.23
[illegible]star 14½ 91	50	93⅝	93⅞	+0⅛	−1⅝	16.04
Hiram Walker 16 86	50	100⅛	100⅝	0	−1⅝	15.78
[illegible] Wld. Trade 12½ 88	200	89⅞	90⅜	0	−1⅛	14.94
[illegible] Wld. Trade 14⅝ 94	100	99½	100	+0⅛	−1⅝	14.79
[illegible] Wld Trade 12⅛ 85	80	98½	99	−0⅛	−1⅛	15.17
[illegible] Bk. Canada 15⅛ 84	40	97	97½	+0⅛	0	16.47
Newfoundland 13½ 90	60	86	86½	−0⅛	−1	16.58
Nova Scotia 15 91	75	92⅝	93⅛	−0⅛	−0⅜	16.45
Ontario Hydro 13½ 91	100	88⅜	88⅞	−0⅛	−1½	16.32
Pacific Gas Elec 16 88	75	100⅞	101⅜	+0⅛	−0⅛	15.70
PSNH Int. Fin. 17 86	30	98	98½	+0⅛	+0⅛	17.54
Quebec Hy 13 91 (WW)	100	82½	83	+0⅛	−1½	16.70
Royal Bk. Canada 14 86	100	92⅜	92⅞	+0⅛	−1⅞	16.35
SNCF 13 91	75	85½	85⅞	−0⅛	−1⅛	16.03
Sth. California 14 87	50	93⅝	94⅛	−0⅛	−1	15.62
Sth. California 14⅝ 88	50	94	94½	+0⅛	−1½	16.16
Sven Handlsbk. 13⅝ 88	45	88½	89	0	−2⅛	16.61
Swed. Ex. Credit 13 86	75	87⅛	87⅝	0	−0½	17.20
Swed. Ex. Cred. 15⅝ 85	50	96	96½	0	−0½	16.89
Toronto-Dom. Bk. 14 84	50	93½	94	+0⅛	−0½	17.01
Tribune O/S Fin. 14 86	50	91⅛	92⅛	−0⅛	−0⅛	16.61
Wells Fargo Int. 15⅞ 84	50	97½	98	0	−1	16.48
World Bank 10⅜ 87	300	77⅜	77⅞	−0⅛	−0⅞	16.50
World Bank 14⅝ 86	500	92½	93	0	−0⅞	16.62
Average price changes		On day 0 on week −1				

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bank 10 91	100	94⅛	94⅝	−0⅛	−1⅞	10.95
Austria Rep. of 8⅝ 92	150	85⅜	86⅛	0	−0⅛	10.43
CECA 7⅞ 92	150	†84	84⅜	−0⅛	−1	10.31
CECA 10 91	120	†97⅛	97⅝	−0⅜	−1⅛	10.41
CII-Honeywell 8⅝ 90	125	†85	85½	−0⅛	−1⅛	11.05
Council of Europe 10 91	100	96½	97⅛	−1⅛	−1⅞	10.51
EIB 8½ 90	200	87⅝	88⅛	−0⅛	−0⅛	10.63
EIB 10½ 91	200	†97⅛	98⅛	−0⅛	−1⅛	10.87
EECOM 9⅛ 87	100	89⅜	90	−0⅛	−1	11.68
Finland, Rep. of 10 89	100	96⅛	98⅛	0	−0⅛	10.67
Iberduero SA 9 90	100	†90½	91⅛	−0⅛	−0⅝	10.63
Ind. Bk. Finland 8½ 90	50	†87⅛	88	−0⅛	−1⅛	10.67
Int. Am. Dv. Bk. 10 91	100	†95⅝	96	0	−1	10.73
Japan Air Lines 8⅛ 87	100	89⅛	89⅝	+0⅛	−0⅛	10.49
Japan Dev. Bk. 7⅝ 87	100	87	87½	+0⅛	−0⅛	10.60
Kobe, City of 8 90	100	85	85½	−0⅛	−2⅛	10.65
Midland Int. Fin. 8½ 90	180	88⅛	88⅝	−0⅛	−1	10.51
Nordelhras 9⅛ 88	100	†86	86⅝	−0⅛	+0⅛	12.79
OKB 8⅛ 92	150	†83⅛	84	−0⅛	−2	10.89
Oslo, City of 8⅝ 90	80	88⅝	89½	+0⅛	−2⅛	10.82
Renault Acc. 10⅝ 88	150	96½	97	+0⅛	−0⅛	11.64
Venezuela, R. of 9⅝ 90	150	93	93⅛	−0⅛	−0½	10.91
World Bank 8 90	700	84½	85½	0	−0⅛	10.71
Average price changes		On day −0⅛ on week −0⅞				

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aeroport Paris 6½ 91	60	90½	90⅝	−1⅛	−0⅞	7.82
BFCE 6½ 91	100	93⅛	93½	+0⅛	+0⅛	7.49
Bayer Int. Fin. 5⅛ 92	100	89	89⅛	0	−0⅝	6.67
Belgelectric Fin. 7⅝ 91	100	98⅛	98⅝	+0⅛	+0⅛	7.97
Bergen, City of 6⅝ 91	40	†97	97½	+0⅛	−0⅞	7.15
CECA 6⅝ 91	80	95⅛	95½	−0⅛	0	7.41
Denmark 5⅝ 90	80	†86	87	0	−1⅛	7.92
Dome Petroleum 5⅝ 91	100	92⅝	93	−0⅛	−0⅛	6.79
Dome Petroleum 7⅛ 90	100	101½	101⅞	−0⅛	+0⅛	7.00
Elet. de France 5⅝ 90	100	82⅝	83	0	−1⅝	7.97
Eurofima 5⅝ 92	80	†98½	99	0	0	5.90
Finland, Rep. of 5⅝ 90	80	84⅝	85	+0⅛	−0⅛	8.05
Franc Petroles 6½ 91	80	†92	92½	0	−0⅛	7.66
Genstar 7 91	100	100½	100⅞	−0⅛	−0½	6.90
Int.-Amer. Dv. Bk. 7 91	100	98	98⅛	−0⅛	+1	7.27
Japan Dev. Bank 5⅝ 90	100	93⅛	93⅝	0	+0⅛	6.76
Mt. Blanc Tunnel 5½ 90	80	†84	85	+0⅛	−0⅛	7.97
Newag 5⅝ 90	80	†91⅝	91⅞	0	−0⅞	7.07
OKB 7 93	100	99	99⅜	−0⅛	−0⅛	7.11
Oslo, City of 5⅞ 90	80	88	88⅝	−0⅛	−0⅛	7.73
Philips Lamps 5⅝ 92	100	87⅛	87½	+0⅛	+0½	6.93
Swed. Ex. Credit 7⅛ 91	75	94½	95	0	−2⅝	8.04
Trade Dev. Fin. 6⅝ 90	50	86⅛	86⅝	−0⅛	−2⅛	8.30
Voest-Alpine 5⅝ 90	30	85	85½	0	+0⅛	8.13
World Bank 6 91	100	89⅝	90⅛	0	−0⅛	7.50
World Bank 7 90	100	99⅝	100	0	+0⅛	7.01
Average price changes		On day −0⅛ on week −0⅛				

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bk 8⅝ 91	15	96⅝	97⅛	−0½	−0⅛	8.67
Australia 6½ 88	28	85	86	0	−0⅛	9.50
EIB 7⅝ 88	12	93	94⅛	−0⅛	−0⅛	8.90
Finland 6 8 88	10	85	86⅛	0	0	9.80
Finland, Rep. of 8⅝ 87	15	95⅞	96⅞	−0⅛	−0½	9.20
New Zealand 8⅛ 87	15	96⅝	97⅛	0	−0⅛	8.99
Average price changes		On day −0½ on week −0⅛				

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bell Canada 16⅝ 88 C$	60	†82½	83½	0	−0⅞	15.83
CIBC 13½ 85 C$	50	†90½	91½	0	−1½	16.87
CIBC 11½ 85 C$	80	†84	85	0	0	17.27
Federal Dev. 11½ 90 C$	80	†76½	78½	0	0	16.86
[illegible], Gen. Inv. 10 84 C$	30	†82½	83½	−0½	−0⅛	18.41
R. Bk. Canada 10 86 C$	40	*†82½	84½	−0½	−2⅛	15.09
Tordom Cpn. 13½ 85 C$	30	*†91	92	0	−0½	16.67
M. Bk. Dnmk. 9 91 EUA	25	84⅝	85⅞	−1½	−1⅛	11.51
SOFTE 8⅝ 89 EUA	40	80½	81⅜	−2	−2	12.25
U. Bk. Nwy. 9½ 90 EUA	18	89⅛	90⅝	−1⅛	−1⅛	11.37
Algemene Bk. 10⅛ 86 Fl	60	92⅝	93⅛	0	−0⅛	12.32
Amro Bank 12 86 Fl	75	98⅞	99⅜	+0⅛	−0½	12.22
Heineken NV 10 87 Fl	100	91⅞	92⅜	0	−0½	12.02
Nat. Nedrlndn. 10 88 Fl	60	93⅛	93⅝	0	+0½	11.45
Ned. Midd. Bk. 10 85 Fl	75	94	94½	0	+0½	11.86
Pierson 10⅛ 86 Fl	50	91⅛	92⅛	+0⅛	−0⅛	12.68
Rabobank 12 86 Fl	50	98⅛	98⅝	+0⅛	−0⅜	12.40
Air France 14½ 86 FFr	200	89⅝	90⅝	−2	−1⅝	17.71
Bk. America 14½ 86 FFr	250	89	90	−0⅛	−0½	17.91
Charb'nages 13⅞ 85 FFr	400	88⅛	89⅛	−0⅛	−0½	17.74
EIB 14⅛ 88 FFr	300	86⅝	87⅝	0	−0½	17.65
La Redoute 14⅞ 85 FFr	125	86⅛	87⅛	−0⅛	−0⅛	19.04
OKB 14 86 FFr	400	87⅞	88⅞	−0⅛	−0½	17.90
Solvay et C. 14⅝ 86 FFr	200	91⅞	92⅞	−0⅛	−0⅞	17.20
Swed. E. Cr. 14⅝ 86 FFr	250	85½	86½	+0⅛	−1	19.38
U. Mex. Sts. 14 85 FFr	150	88	89	−0⅛	−0⅛	18.42
Acona 14 85 £	20	92⅛	93⅛	0	−0⅛	16.42
Beneficial 14⅛ 90 £	20	84⅛	85	−0⅛	+1	17.68
BNP 13½ 91 £	15	85⅞	86	0	−0⅜	16.57
CECA 13½ 88 £	20	88½	89⅛	+0⅛	−0⅛	16.24
Citicorp O/S 13½ 90 £	50	90⅛	90⅞	0	−0⅝	15.54
Fin. Ex. Cred. 13⅝ 86 £	15	92⅛	93	0	+0⅛	16.06
Gen. Elec. Co. 12½ 89 £	50	85⅛	86	−0⅛	0	15.84
Hiram Walker 14⅛ 86 £	25	93⅛	93⅞	0	−0⅛	16.27
Privatbanken 14½ 88 £	12	90⅝	91⅛	+0⅛	+0⅛	16.78
J. Rothschild 14½ 90 £	12	92½	93⅛	−0⅛	0	15.78
Royal Trustco 14 86 £	12	92⅝	93½	−0⅛	−0⅛	16.18
Swed. Ex. Cr. 13⅝ 86 £	20	92½	92⅞	0	−0⅛	16.12
Akzo 9⅛ 87 LuxFr.	500	88⅞	89⅞	−0½	−0⅝	11.75
Euratom 9⅝ 88 LuxFr	500	86½	87½	0	+0⅛	12.93
Eurofima 10½ 87 LuxFr	500	88⅝	89½	−0⅛	−0⅛	13.27
EIB 9⅝ 88 LuxFr	600	85⅛	86⅛	−1	−1⅛	13.14
Volvo 9⅝ 87 LuxFr	500	85½	86½	−0⅛	−0½	13.17

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0⅛	97⅞	98⅜	18/12	16⅛	17.07
BBL Int. 5 86	0½	99	99½	20/11	18.31	18.45
BNP 5½ 88	‡0⅛	99⅛	99⅜	29/10	18.81	18.93
Christiania Bk. 5½ 91	‡0⅛	98⅜	98⅞	5/11	19.19	19.46
Citicorp O/S Fin. 84	‡0	99	99½	31/8	18½	19.02
C. Itoh 5¼ 87	0¼	99½	99⅝	18/9	15.44	15.53
Co-operative Bk 6 86	0¼	99⅜	99⅞	15/11	19.56	19.64
Den Norske Credit 6 90	‡0⅛	98⅝	99⅛	5/11	19.19	19.41
Genfinance 5¼ 87	0⅛	98⅛	99⅛	30/10	16.94	17.11
Genfinance 5¼ 92	0⅛	98⅞	99⅛	30/12	18.31	18.47
Giro und Bank 5¼ 91	‡0⅛	98⅞	99⅛	23/9	19.06	19.23
GZB 5¼ 92	‡0⅛	98	98½	5/9	17⅛	17.56
Ind. Bank Japan 5¼ 88	0⅛	99	99½	9/10	16.44	16.56
Lloyds Eurofin 8 90 £	0⅛	97	97½	6/1	13⅝	14.01
Lloyds Eurofin 5¼ 92	0⅛	98⅛	98⅝	4/12	17.44	17.70
LTCB Japan 5¼ 85	0⅛	99	99	13/12	17⅛	17.38
LTCB Japan 5½ 89	0⅛	99⅛	99⅝	16/1	18.32	18.43
Men. Hanov. O/S 5¼ 94	‡0⅛	99⅛	99⅝	30/8	19.06	19.18
Merrill Lynch O/S 87	‡0⅛	100⅛	100⅝	9/11	19.06	18.99
Midland Int. Fin. 5¼ 92	0⅛	98⅛	98⅝	5/12	17⅛	17.64
Midland Int. Fin. 9 91	0⅛	98⅞	98⅞	30/10	16.81	17.05
Nacional Fin. 6⅛ 86	0⅛	98⅝	99⅛	25/7	19⅛	19.44
Nacional Fin. 5½ 88	0⅛	97	97½	25/9	14⅞	15.30
Nat. Bk. Canada 5¼ 88	0⅛	98⅛	98⅞	24/9	14½	14.70
Nat. West. 5¼ 94	§0⅛	98	98½	14/10	16.19	16.48
Nat. West. Fin. 5¼ 91	§0⅛	98⅛	98⅝	16/1	18⅛	18.40
Nat West. Fin. 5¼ 92	§0⅛	98⅛	98⅝	23/10	16.81	17.07
Pemex 6 91	0⅛	97	97½	8/10	15.31	15.75
Societe Generale 5¼ 91	0⅛	98⅞	99⅛	22/1	18⅝	18.79
Sparebanken 6 87	0⅛	97⅝	98⅛	19/12	16.81	17.18
Svenska Hndlsbk. 5 87	0⅛	99	99½	16/1	18⅛	18.26
Average price changes		On day 0 on week 0				

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	92	93	+0⅛	−0.29
Bow Valley Inv. 8 95	4/81	23.12	100⅛	101⅛	+0⅛	21.81
Canon 6⅝ 95	1/81	829	185½	187	+0⅛	0.54
Credit Suisse 4⅝ 93	10/79	1236	†89	91	0	11.32
Digicon Fin. 8½ 95	10/81	29.5	*†109	111	−0½	15.89
Fujitsu 5½ 96	7/81	732	113⅛	114⅛	+2⅛	3.10
Furukawa Elec. 5⅝ 96	7/81	300	122½	123½	+2⅝	1.70
Hanson O/S Fin. 9½ 96	8/81	2.74	†87½	89	+0⅛	3.67
Hitachi Cred. Cpn. 5 96	7/81	1966	89⅛	90⅛	−0⅞	1.19
Ina Overseas 8⅝ 2000	4/81	42	†100½	102	+0⅛	0.65
Inchcape 8 95	2/81	4.55	†86½	88	0	9.44
Marion Int. Fin. 9 95	12/80	15.5	†79½	81	+0⅛	36.24
Marui 6 96	7/81	931	90½	91½	−0½	0.78
Matsushita El. 7½ 95	11/80	590	90⅛	91⅛	−0½	2.31
Murata 5⅛ 96	7/81	2190	105⅞	106⅞	+1⅛	−0.08
NKK 6½ 96	7/81	188	117⅝	118⅝	+0⅛	41.96
Ricoh 6⅝ 95	8/80	604	152⅛	154⅛	+0⅛	−1.50
Sumitomo M. Ind. 7 95	2/81	181	150⅛	152⅛	+0⅛	−0.79
Swiss Bk. Con. 6⅛ 90	9/80	200	†76	78	0	38.92
Taylor Woodrow 8⅝ 90	1/81	4.94	90⅛	91½	−0⅛	4.16
Transco Int. 8⅝ 95	2/81	68	†78	79½	+0⅛	21.35
Tricorp 8½ 95	12/80	31.25	†85½	87	+1⅛	20.46
Union Bk. Switz. 5 89	2/80	70.79	†72½	74½	0	9.37
Sharp Cpn. 6½ 88 DM	9/80	595	200	201	−1	−4.79
Uny Co. 6½ 85 DM	11/79	879.3	115	116	−0⅛	−6.70

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Interest rates hit Guthrie

By Our Financial Staff

GUTHRIE BERHAD, the Singapore-based group with interests in engineering, chemicals and fertilisers, suffered a fall of 13 per cent in group operating profits to S$146.5 (US$m) for the first-half ended June 30, on turnover up 9.4 per cent to S$146.5m. Pre-tax profits were down more sharply, by 46.6 per cent to S$2.5m, under the effect, the company said, of a rise in interest rates and continuing losses on the translation of Malaysian ringgit into Singapore dollars.

The sale of a 73 per cent stake in Guthrie Berhad to Multi-Purpose Holdings, the financial arm of the Malaysian Chinese Association, the political organisation, agreed in June at a price of S$101.25m (US$47.2m), has been completed. Multi-Purpose announced yesterday that it was extending a cash offer to the minority holders, at S$4.175 a share, as required under the Singapore Takeover Code.

Brown-Forman Distillers ahead

By Our Financial Staff

BROWN-FORMAN Distillers, the U.S. spirits and wine group, pushed up net earnings sharply in its first quarter from $14.57m to $20.05m on sales ahead from $178.8m to $193.7m. Earnings per share for the quarter to the end of July were 79 cents against 57 cents.

The company said growing demand for its Jack Daniel's whiskey contributed to the record first quarter results.

SFN slips in first quarter

BY OUR FINANCIAL STAFF

SFN COMPANIES, the U.S. textbook publisher, reported a slight dip in profits for the first quarter ended July 31. They fell to $18.5m, or $1.57 a share, from $18.7m, or $1.60, a year earlier. Revenues were $92.9m against $94.7m.

Mr Gordon Hjalmarson, president, told the annual meeting that the result reflected the poor first quarter performance of its Silver Burdette division, which produces mainly textbooks for elementary and high schools. The company is believed to be the largest in the U.S. in this field.

The company had anticipated that fiscal 1982 earnings would be higher than the $2.79 a share last year, but the forecast has been jeopardised by the first quarter result.

On the optimistic side, the company is expecting a stronger second quarter from its South-Western Publishing unit.

Japanese demand grows for dollar convertibles

BY FRANCIS GHILES

DEMAND by Japanese borrowers for convertibles denominated in dollars continues to mount. A $50m convertible due 1996 for Sumitomo Metal Industries was launched yesterday through Kidder Peabody, Nomura (Europe), Daiwa Securities and Sumitomo Finance International.

The borrower is paying an indicated coupon of 5¼ per cent and a conversion premium of 5 per cent.

Two other dollar convertibles for Japanese companies are expected to be launched tomorrow: $50m for Minolta Camera through Daiwa Securities and $100m for Sanyo Electric through Yamaichi Securities. That would extend to $400m the volume of Japanese convertibles denominated in dollars launched during August.

In the fixed interest dollar bond sector, prices of seasoned issues were a fraction better yesterday.

Korea First Bank is tapping the floating rate sector through Merrill Lynch and Chase Manhattan. This borrower is raising $30m for eight years and paying a margin of ¾ per cent over the six months Libor rate with a minimum of 7½ per cent. Investors will have the option to redeem the notes in 1985 and every year thereafter to final maturity.

A purchase fund will operate during the first two years if the price of the notes falls beneath the issue price less the selling concession.

Swiss franc and foreign D-mark bonds declined ⅛ of a point yesterday in very thin trading. In Switzerland, Union Bank of Switzerland is arranging a SwFr 15m private placement to 1986 for the Austrian province of Steiermark. The borrower is paying a coupon of 7¾ per cent and the bonds have been priced at par.

In Tokyo, the World Bank is arranging a Y30bn 15-year bond which carries a coupon of 8.5 per cent and has been priced at 99.95 through Nomura.

Mallinckrodt-Mitsui deal

MALLINCKRODT, the U.S. chemical group, has formed a joint venture with the Mitsui group's Mitsui Mining and Smelting Company to make catalysts in Japan, reports Reuter from St. Louis.

The joint venture will also market catalysts in Japan, Korea and Taiwan and will start marketing Mallinckrodt's calsicat catalysts immediately.

Mallinckrodt said the joint venture, to be called Mitsui Mallinckrodt Catalyst Company, will be capitalised equally by the two.

Under terms of the agreement, Mallinckrodt will also provide technical assistance for manufacturing, training support for sales representatives and management assistance.

North American Philips Corporation's Selmer Company subsidiary has tentatively agreed to acquire Ludwig Industries, a Chicago drum maker, for an undisclosed sum. Selmer already makes woodwind, brass and stringed instruments. The acquisition is subject to the approval of directors of both companies and is expected to be completed in October.

Estel losses mount in second quarter

BY STEWART FLEMING IN FRANKFURT

THE DUTCH-GERMAN steel group. Estel Hoesch-Hoogovens, suffered a further heavy loss in the second quarter of this year, the company disclosed in an interim report yesterday, dashing hopes of a significant improvement after last year's record losses.

After a first quarter pre-tax loss of Fl 244m the company said that in the second quarter it had run up pre-tax losses of Fl 197m ($70.9m). However, this was much less than originally expected, partly because of the rise of the U.S. dollar on the foreign exchanges. Last year there was a second quarter loss of Fl 61.4m.

The operating loss for the latest period was Fl 74.7m compared with a profit of Fl 39.9m for the same period of 1980. Second quarter turnover was Fl 3.55bn against Fl 3.48bn previously.

Estel said that rising raw materials and energy costs, which are heavily influenced by the value of the dollar, were among factors which limited the company's performance. Thus, in spite of fuller use of existing capacity and higher sales, the steel division did not improve its profitability.

Higher interest rates also added to the company's costs. But there was a marked improvement in earnings from associated companies, from Fl 3m in the first quarter to Fl 22.6m in the second.

The company expects recent measures taken to support the European steel industry to have a favourable impact in the second half of the year.

Separately yesterday, another German steel company, Peinesalzgitter, disclosed that it had suffered an increased loss in the third quarter compared with the second quarter. No figures were disclosed. The company earned a profit of DM 25m in the year to September 1980 and unofficial estimates has suggested it could turn in a loss of as much as DM 200m in the current year.

Half-year downturn for Norwegian pulp producer

BY FAY GJESTER IN OSLO

NORSKE Skogindustrier, a Norwegian group producing paper, pulp, chipboard and sawn timber, reports a sharp fall in profits to NKr 2m ($330,000) in the first half of 1981, compared with NKr 25m in the same period a year earlier, despite an increase in turnover to NKr 761m from NKr 713m.

The poorer results reflect steep increases in costs, particularly in connection with the installation of a new newsprint machine at one of the group's factories, together with Skogindustrier's share of operating losses by a new cellulose plant at Tofte, in east Norway.

Results for the whole of the year are expected to be slightly lower than in 1980, when net profit before extraordinary items reached NKr 74m.

U.S. group boosts Amev in first half

By Our Financial Staff

AMEV, the major Dutch insurance group, reports a sharp gain in first-half profits and expects to emerge from 1981 as a whole with earnings growth of at least 15 per cent.

First-half profits after tax rose to Fl 79.1m ($28.3m) from Fl 54.4m after a rise in total income from Fl 1.4bn to Fl 1.93bn. For the year 1980 net profits totalled Fl 138.6m.

Amev explains that the upsurge in half-year earnings results largely from the consolidation of Interfinancial, the U.S. group acquired in June, 1980 for $134m.

Pakhoed hit by doubled interest costs

By Our Financial Staff

PAKHOED, the storage, distribution and property group, has edged net profits up from Fl 14.05m to Fl 14.91m for the first half of 1981, despite lower operating profits.

Revenues improved to Fl 221.7m from Fl 213.8m but operating profits dipped to Fl 30.3m from Fl 36.3m. Interest charges for the half-year were more than doubled to Fl 36.3m, but extraordinary items chipped in a credit of Fl 4.7m against a Fl 1.1m debit a year ago.

The directors state that they do not expect net profits for the whole of 1981 to be lower than last year's Fl 30.7m.

Svenskt Staal to axe more jobs

BY WESTERLY CHRISTNER IN STOCKHOLM

IN THE knowledge that losses for this year are rising sharply, Svenskt Staal (SSAB), the Swedish steel group, yesterday unveiled plans for further major cutbacks in its workforce.

In a renewed effort to return to profitability, SSAB said it would cut 1,600 jobs by end-March, 1983. Earlier this year the company gave notice to a similar number of employees in its steel division which has a total workforce of 13,200.

Over the past three years SSAB has turned in pre-tax losses aggregating Skr 1.6bn ($304m), entirely covered by state funds. It is now estimated that SSAB requires a further capital injection of around SKr 1bn if it is to stay in business and complete its restructuring.

For this year as a whole, SSAB is expected to return a deficit in the neighbourhood of SKr 750m-800m, which would compare with a loss of SKr 594m in 1980. In June the directors said 1981's losses threatened to be larger than those last year.

In July Kopparberg, the Swedish steel and forest products group, announced that it was selling its 25 per cent shareholding in SSAB to the other private shareholder, Gränges. Gränges, now owned by Electrolux, will control half of the SSAB with the other half being owned by the state.

SSAB was formed in 1978 from the merger of the steel-making interests of the state, Gränges and Stora, in the hope of restoring competitiveness to Sweden's steel industry by a government-financed programme of pruning and modernising.

Profits slide at Promotion but dividend is increased

BY OUR STOCKHOLM STAFF

PROMOTION, the Swedish holding company, reports a sharp drop in profits for the year ended March, 1981

Hampered by poor results from the industrial side of the company portfolio, group profits before tax have dipped to SKr 47.1m ($9m) from SKr 110.3m.

At the per share level, earnings have taken an even heavier pasting, tumbling to SKr 22 from SKr 61. Despite the setback, the dividend is going up by SKr 1 to SKr 15 a share.

No improvement in group earnings is expected before the end of the current year, according to Mr Carl-Erik Feinsilber, the managing director, who says that the industrial operations are expected to continue to return low aggregate earnings.

Last year Promotion's crane-making offshoot, HIAB-FAGO, saw pre-tax earnings drop to SKr 17.3m from SKr 63.3m on turnover of SKr 984m, against SKr 925m. Linden-Alimak, which also makes cranes, fell into the red, incurring a loss of SKr 32.7m, against a SKr 113m surplus in the previous year.

Earnings from Promotion's investment portfolio rose steadily to SKr 17.3m from SKr 13.8m. Group property investments produced profits of SKr 15.1m, up 33 per cent.

Uranium interests boost Ampol Petroleum result

BY GEORGE MARSHALL IN SYDNEY

A STRONG return from Ampol Petroleum's uranium interests allowed the company to offset another poor performance by its traditional operations in the Australian petroleum industry and return a A$32.47m (U.S.$37.15m) profit for the nine months to June 30.

This compares with a A$30.65m profit for the whole year to September 30, 1980. The change in balance date brings Ampol into line with Pioneer Concrete Services, which acquired a 64 per cent stake in the company last year.

Ampol received a pre-tax contribution of A$13.48m from the equity-accounted earnings in its stake in Lunaka Pty.—the vehicle jointly controlled with Pioneer which owns Queensland Mines and Kathleen Investments, the operators of the Nabarlek uranium mine in the Northern Territory.

Group sales for the nine months amounted to A$599m compared with A$672m in the previous year.

Reflecting the success of the company's plan to lessen its reliance on petroleum retailing, Mr Ted Harris, the managing director, explained that non-petroleum interests now contribute 35 per cent of earnings compared with 10 per cent four years ago.

The dividend has been maintained in line with last year's level with the nine-month total payout being 5.625 cents a share compared with 7.5 cents.

Ampol Exploration, which is 49 per cent owned by Ampol, earned a net profit of A$10.48m for the nine months compared with A$11.76m in the year to September 30.

Tanker shortages led to a fall in sales from Barrow Island in Western Australia to 6.87m barrels in the nine months, against 10.14m barrels in the previous 12 months.

AMIC up but warns of slowdown in latter half

By Jim Jones in Johannesburg

ANGLO AMERICAN Industrial Corporation (AMIC), the South African industrial holding company which is 49 per cent-owned by Anglo American Corporation of South Africa, the mining house increased first-half pre-tax profit by 21.8 per cent to R112.9m ($119m) in the six months to June 30. This compares with a first-half figure of R92.7m in 1980 and R197.5m for the whole of last year.

The company's main interests are in Mondi Paper, the paper manufacturer which is 62.7 per cent-owned, the drill tool manufacturer, Boart International, which is wholly owned, African Products, the food producer, which is also 100 per cent owned, and Scaw Metals (100 per cent) which is involved in steel and engineering. Each of the major subsidiaries performed well, the management says. But it cautions that as the South African economy's growth rate is slowing, the current half's profit growth will be slower than that in the first half. Even so, second-half profits are expected to be higher than those of the first six months.

Mondi last month announced a major expansion programme to provide a new pulp and paper manufacturing facility at the Natal port of Richards Bay.

An interim dividend of 50 cents a share has been declared, from first-half earnings of 240.5 cents a share, excluding the share of retained earnings of associated companies. Last year, first-half earnings were 183.7 cents a share and the interim dividend was 42.5 cents. The whole of last year resulted in earnings per share of 431.1 cents and a total dividend of 140 cents.

Further rise at Mayne Nickless

By Our Sydney Correspondent

MAYNE NICKLESS, the Australian transport and security group, has returned its eighth successive annual profit improvement, lifting earnings by 21.6 per cent from A$16.24m to A$19.75m (US$22.6m) in the year to June 30. Turnover was up by 24 per cent to A$460m (US$527m).

The final dividend is 6.5 cents a share raising the total for the year from 11 cents to 13 cents.

There was an extraordinary loss in the year of $975,000 made up by a provision of A$899,000 for a judgement against the Queensland based Mayne Grain and a A$76,000 loss on the sale of a property. In 1979-80 there was an extraordinary profit of A$515,000.

Edgars Stores well ahead after year of consolidation

BY OUR JOHANNESBURG CORRESPONDENT

EDGARS STORES, the South African soft goods and clothing retail chain, increased pre-tax profits by 56 per cent to R51.7m ($54.4m) in the 53 weeks to July 11 1981 compared with R33.1m in the previous year. Turnover rose by 38 per cent to R409.2m ($431m).

The company operates three chains in South Africa. The Edgars chain aims mainly at a white, relatively affluent target market, while the Jet and Sales House chains concentrate their efforts on sales of clothing and soft goods to black consumers.

Emphasis in the past year has been placed on improving the effectiveness of existing stores rather than on increasing the number in operation. The Edgars chain increased its floor space to 199,000 sq metres from 175,000 sq metres even though the number of stores in the chain was reduced from 206 to 204. The Sales House and Jet operations both increased the number of stores in operation and floor space, and the directors believe there is further scope for extending and improving the stores.

The company is confident that the current year will result in good sales and profit performances, but cautions that consumer spending is under pressure and that this year's profit growth will be slower than in the period just ended.

A total dividend of 570 cents has been declared from LIFO (last in first out) adjusted earnings of 1,289 cents. The previous period resulted in LIFO-adjusted earnings of 861 cents a share and a total dividend of 385 cents.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100): engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1980							
1st qtr.	109.9	100.3	100	110.2	158.6	1,379	193
2nd ptd.	106.6	97.1	98	109.2	164.3	1,498	159
3rd qtr.	103.4	93.5	85	108.9	170.3	1,699	120
4th qtr.	100.6	89.4	78	109.0	205.2	2,020	98
Dec.	100.0	88.4	79	108.4	236.0	2,137	99
1981							
1st qtr.	99.5	88.8	98	112.7	174.4	2,304	100
2nd qtr.	98.9	88.5		111.3	180.6	2,507	89
Jan.	99.0	88.4	91	114.0	177.6	2,228	104
Feb	99.4	89.3	92	112.9	170.1	2,304	98
March	99.7	88.7	109	111.4	175.3	2,381	97
April	99.1	88.6	91	111.4	181.6	2,452	94
May	98.2	87.5	82	110.6	177.1	2,515	92
June	99.5	89.3		111.7	182.7	2,552	83
July				110.5		2,582	92
Aug.						2,626	98

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
1st qtr.	109.9	100.3	100	110.2	158.6	1.379	193
2nd qtr.	106.6	97.1	98	109.2	164.3	1.498	159
3rd qtr.	97.0	96.0	117.2	91.9	76.6	82.2	12.5
4th qtr.	93.9	90.8	116.9	85.9	70.6	77.2	10.1
Dec.	93.0	89.0	117.0	84.0	70.0	76.0	7.1
1981							
1st qtr.	94.3	87.3	117.4	83.3	76.5	77.9	10.9
2nd qtr.	93.7	86.1	117.8	82.7	80.5	76.0	14.6
Jan.	94.0	88.0	116.0	84.0	74.0	77.0	10.3
Feb.	95.0	87.0	118.0	83.0	78.0	79.0	11.3
March	94.0	87.0	118.0	83.0	78.0	78.0	11.2
April	94.0	87.0	117.0	84.0	77.0	76.0	12.6
May	93.0	86.0	117.0	81.0	79.0	75.0	14.1
June	94.0	86.0	119.0	83.0	85.0	76.0	17.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
Nov.	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec.	125.7	114.5	+333	+559	+ 35	105.1	27.48
1981							
1st qtr.							28.34
2nd qtr.							26.73
Jan.	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb.	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21
April							28.07
May							26.49
June							25.63
July							24.57

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
2nd qtr.	− 1.5	10.7	23.3	+3,472	697	1,964	17
3rd qtr.	11.8	36.1	45.2	+6,336	1,090	1,933	16
4th qtr.	8.8	20.1	11.2	+3,348	1,253	1,793	14
Dec.	16.1	20.9	7.0	+ 928	448	605	14
1981							
1st qtr.	6.5	8.7	12.4	+1,278	1,081	1,884	12
2nd qtr.	23.3	16.6	6.5	+4,102	1,103	1,936	12
Jan.	5.8	11.7	10.0	+ 342	446	620	14
Feb	13.1	7.9	12.8	+ 103	366	638	14
March	0.9	6.7	14.2	+ 833	269	626	12
April	25.5	13.8	3.9	+2,014	296	655	12
May	22.3	19.3	6.9	+ 951	436	607	12
June	22.1	16.6	8.7	+1,137	371	674	12
July	14.4	16.1	19.9	+2,141	290		12

INFLATION—Indices of earnings (Jan 1976=100): basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1980							
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
Dec.	197.3	205.1	206.7	275.6	262.7	262.53	100.2
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.8
2nd qtr.	202.1	225.8	219.4	294.0	277.0	245.07	97.8
Jan.	193.3	209.7	209.9	277.3	266.7	251.88	102.0
Feb.	194.8	214.0	211.9	279.8	268.9	259.93	102.5
March	197.8	217.8	215.1	284.0	270.6	261.56	99.7
April	199.3	221.3	218.0	292.2	274.2	258.61	99.2
May	201.6	226.1	219.2	294.1	276.7	255.14	98.8
June	205.4	229.9	221.0	295.8	280.0	245.07	95.4
July		232.8	222.1	297.1	279.6	275.81	92.5

* Not seasonally adjusted.

Setback for Arabian Oil

BY OUR FINANCIAL STAFF

ARABIAN OIL COMPANY, the Japanese oil group in which Saudi Arabia and Kuwait have 10 per cent stakes, posted a 13.5 per cent drop in unconsolidated after-tax profit for the half year to June 30 to Y 2.96bn ($12.8m) compared with the first half of 1980 on sales down by 11.3 per cent to Y311.13bn ($1.35bn). Earnings per share fell to Y59.14 from Y68.36.

Sales by volume of crude oil fell by 22 per cent to 5.9bn kilolitres from a year earlier, while sales of oil products fell 21.1 per cent to 416,000 kilolitres.

Arabian Oil attributed the profits fall to declining demand and higher costs. The company agreed in the half year to buy back from the Kuwait Governments its portion of oil from a joint production arrangement. Kuwait apparently had been unable to sell at high prices in the face of a worldwide oil glut.

APPOINTMENTS

Works director at Tecalemit

Mr T. O. (Tommy) Thompson has been appointed works director of TECALEMIT GROUP SERVICES. He will continue to be responsible to the managing director of Tecalemit Group Services for all production and maintenance services at the Tecalemit factory and office sites and especially the plating shop, tool room, communications and in-house printing department. Mr Thompson is one of Tecalemit's longest serving employees, joining the group in 1937 at Brentford, Middlesex, as a centre-lathe turner.

★

Mr R. S. Napier takes up his appointment as director of finance, REDLAND, on September 1 and will assume responsibility for the treasury function from Mr P. M. Johnson. Mr Johnson will in future be responsible for corporate planning and business development.

★

Mr George Sabin has been appointed manufacturing director of METALRAX, Birmingham.

★

Mr Bob Wolff has been appointed marketing director of HOMFRAY AND CO.

★

PLESSEY has formed a new subsidiary to develop business in existing and new display technologies, particularly in systems such as air traffic control and defence. Mr Adam Bodnar, manufacturing director of Plessey Radar, has been appointed managing director of Plessey Displays. Mr John Hakes, technical director of Plessey Radar, is appointed managing director of that company.

★

Mr Graham J. Titford has accepted an invitation to join the board of the RELIANCE MUTUAL INSURANCE SOCIETY. Since 1975, until his retirement earlier this year, Mr Titford was general manager of the investments department of the British Petroleum Company. He will also be on the boards of the Reliance Mutual's subsidiary companies, The British Life Office and The Reliance Fire and Accident Insurance Corporation, as well as being a member of the Society's finance committee.

★

Mr Peter J. A. Corfield joins RENDEL PALMER AND TRITTON, consulting engineers, as a partner on September 1. He will have particular responsibility for transportation and highway projects in the UK and overseas. His previous appointment was as a partner in L. G. Mouchel and Partners.

★

Mr David Housden, public affairs executive, and Mr David Metcalfe, UK financial controller, have been made associate directors of HOOVER.

★

BANKERS TRUST INTERNATIONAL (BTI) has appointed Mr John A. M. Price an executive director with responsibility for corporate finance. BTI is the London-based investment banking subsidiary of Bankers Trust Company.

★

Mr P. J. Buckingham, chief London manager (UK and Europe) of the NATIONAL BANK OF AUSTRALASIA has returned to Australia as assistant general manager corporate banking at the head office, Melbourne. He will be succeeded by Mr T. M. Robinson, who was manager of the Melbourne office. Mr Warwick D. Backhouse, London manager, will be returning to Australia shortly, as assistant state manager (operations), South Australia.

★

THE CO-OPERATIVE INSURANCE SOCIETY has appointed Mr C. W. J. Hirst to be deputy investment manager (Stock Exchange) and Mr J. Franks to be assistant investment manager (Stock Exchange), from August 31.

★

Mr J. R. Hunter who is retiring as director of the National Coal Board western area at the end of this month, has accepted an invitation to join the board of BRITISH MINING CONSULTANTS as deputy chairman from September 1.

OVERSEAS

Mr James R. Erwin, executive vice-president, currently responsible for Europe, Middle East, Africa and Asia for FIRST NATIONAL BANK in Dallas, is to return to Dallas at the end of August where he will be the executive responsible for the international banking and multinational energy activities of the bank. He remains chairman of the merchant bank, First Dallas Limited.

★

DATAPRODUCTS CORPORATION has appointed Mr Ronald P. Hansen as director, customer services in Europe. He will head the new division, based in Dublin, to concentrate its customer services management into a single organisation.

ARAB LATIN AMERICAN BANK (ARLABank) has appointed Mr Adnam Bseico, the former finance manager of Gulf-air, as chief executive of its offshore banking unit in Bahrain. Mr Bseico has served as an economic researcher with the Saudi Arabian Monetary Agency (SAMA).

★

FMC CORPORATION has appointed Mr Patrick J. Head as corporate vice-president and general counsel, from September 1 located in FMC's Chicago headquarters. He has been vice-president, General counsel and secretary of Montgomery Ward and Company, Chicago, since 1976.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$425	67	23	1	—	—	—	$415
GOLD C	$450	20	12	—	—	—	—	"
GOLD C	$500	10	5	—	—	—	—	"
GOLD C	$550	50	2	—	—	—	—	"
GOLD C	$375	—	—	5	9	3	28.50	"
GOLD C	$425	5	21 A	4	26	—	—	"
GOLD P	$450	—	—	5	38	—	—	"
		Oct.		Jan.		April		
ABN C	F.300	40	7.50	—	—	—	—	F.295
AKZO C	F.25	59	1.20	—	—	—	—	F.24.50
AKZO C	F.27.50	42	0.40	16	1.50 A	30	3.20	"
AKZO P	F.25	40	1.10	—	—	—	—	"
AMRO C	F.55	—	—	11	2.80	—	—	F.53
HEIN C	F.50	15	1.50	10	2.50	—	—	F.45.30
HEIN C	F.55	10	0.60	—	—	—	—	"
HOOG C	F.17.50	15	1.50	—	—	—	—	F.17.60
HOOG C	F.20	—	—	20	1.50 A	—	—	"
HOOG C	F.22.50	—	—	30	0.80	—	—	"
KLM C	F.90	10	17.50	—	—	—	—	F.102.50
KLM C	F.110	61	5.50	24	13	—	—	"
KLM C	F.120	37	3.50	—	—	—	—	"
KLM C	F.140	18	1.30	—	—	—	—	"
KLM C	F.150	—	—	20	5	—	—	"
KLM P	F.80	50	1	—	—	—	—	"
KLM P	F.90	11	2.40	—	—	—	—	"
KLM P	F.100	24	6.50	—	—	—	—	"
KLM P	F.110	35	12.50	10	13.50	—	—	"
NEDL C	F.140	9	23 B	—	—	—	—	F.160
NEDL C	F.150	39	17.50	—	—	—	—	"
NEDL C	F.160	22	12.50	—	—	—	—	"
NEDL C	F.170	35	7.50	10	12	—	—	"
NEDL C	F.180	47	3.50	—	—	10	7	"
NEDL P	F.150	40	3.50 A	—	—	—	—	"
NEDL P	F.160	10	7	—	—	—	—	"
NEDL P	F.170	10	14 A	—	—	—	—	"
NATN C	F.110	—	—	10	9.50	—	—	F.115.30
NATN C	F.120	16	3.30	—	—	—	—	"
NATN C	F.130	20	1	—	—	—	—	"
NATN P	F.115	—	—	8	3.50	—	—	"
PHIL C	F.20	21	3.20	—	—	—	—	F.22.60
PHIL C	F.22.50	321	1.60	123	2.50	98	3.70	"
PHIL C	F.25	534	0.70	106	1.70	47	2.40	"
PHIL C	F.27.50	74	0.20	212	0.80	—	—	"
PHIL P	F.20	10	0.40	12	0.60	—	—	"
PHIL P	F.22.50	45	0.90	103	1.30	—	—	"
PHIL P	F.25	94	2.50	128	3	25	3	"
RD C	F.80	30	11.50	—	—	—	—	F.91
RD C	F.90	—	—	9	7	—	—	"
RD C	F.100	123	1.40	18	3.70	—	—	"
RD C	F.110	47	0.40	—	—	—	—	"
RD P	F.80	212	1.30	—	—	—	—	"
RD P	F.90	21	4.20	—	—	—	—	"
RD P	F.100	53	10.50	—	—	—	—	"
UNIL C	F.150	19	2.80	38	6.50	—	—	F.156.20
UNIL C	F.170	—	—	47	2.50	—	—	"
		Nov.		Feb.		May		
BASF C	DM.180	20	17	20	23	—	—	DM 143

TOTAL VOLUME IN CONTRACTS 3907

A=Asked B=Bid C=Call P=Put

VONTOBEL EUROBOND INDICES

145.76=100%

PRICE INDEX	18.8.81	25.8.81	AVERAGE YIELD	18.8.81	25.8.81
DM Bonds	87.14	86.73	DM Bonds	10.516	10.507
HFL Bonds & Notes	91.31	90.80	HFL Bonds & Notes	11.417	11.516
U.S. $ Strt. Bonds	82.55	82.29	U.S. $ Strt. Bonds	14.142	14.216
Can. Dollar Bonds	80.29	80.38	Can. Dollar Bonds	14.573	14.573

WORLD STOCK MARKETS

Dow 3.6 lower at mid session

AFTER TAKING Tuesday's late recovery a stage further at the outset yesterday, Wall Street resumed its slide in active but reduced early trading.

Analysts said the brief rally, on the heels of a 20-point fall in the Dow Jones Industrial Average on Monday and a further early fall of 10 points on Tuesday, was caused by technical factors, while pressures exerted by continuing high U.S. interest rates and growing inflation are still the maor influence on the market.

The Dow Industrial Average, which finally showed a net improvement of 1.72 on Tuesday, hardened 2.47 more before receding to 898.21 at 1 pm yesterday, 3.62 below the overnight close. The NYSE All Common Index was 21 cents weaker at $72.37 by midsession, while declines held a seven-to-five lead over advances. A total of 31.04m shares were traded, down from Tuesday's 1 pm level of 41.44m.

On the active list, **Superior Oil** lost ¼ to $38¾, **Cities Service** ⅜ to $60⅞, **Boeing** ⅛ to $27½ and **Heublein** ⅛ to $27½. A block of 281,500 Heublein shares were traded at $27¼.

Datapoint fell 2¼ to $46⅞. It said first-quarter earnings could be unchanged to lower.

Texfi Industries lost ⅛ to $3½ although it reported a third-quarter profit compared with a year-ago loss. **Gulf Resources** declined ⅞ to $26 after announcing it would omit its third-quarter dividend.

THE AMERICAN SE Market Value Index was 2.45 weaker at 348.76 at 1 pm. Volume 3.30m shares (4.36m).

Canada

There was a steadier performance yesterday morning after the recent sharp retreat, with markets presenting a mixed appearance at mid-day on moderate turnover. The Toronto Composite Index was off 5.9 at 2,187.9, while Oil and Gas shed 48.9 to 4,683.6 but Golds improved 74.9 to 4,116.8.

Tokyo

Selective "cheap" buying left the market closing on a mixed note yesterday after a reasonable turnover, following Tuesday's sharp setback.

Pharmaceuticals recorded strong gains, khile Oils advanced in reflection of a rise in consumer gasoline and kersosene prices in Japan. Interest also revived in Machine Tools, Coals and Synthetic Fibres.

This helped to lift the Nikkei-Dow Jones Average 35.07 to 7,852.29 after the previous day's fall of 100 points, and left the Tokyo SE index, after Tuesday's drop of 6.04, up 0.52 at 593.07. Volume came to 300m shares (230m).

On the other hand, Light Electricals, Precision Instruments and Motors continued to weaken.

Nippon Oil moved ahead Y42 to Y889, **Takeda Pharmaceutical** Y61 to Y1,010, **Teikoku Oil** Y55 to Y775, **Kaken Chemical** Y100 to Y1,440, **Toray** Y27 to Y440, **Taisho Pharmaceutical** Y100 to Y715 and **Green Cross** Y160 to Y1,660.

Fuji Photo Film receded Y40 to Y1,690, **Konishiroku Photo** 29 to Y694, **Canon** Y50 to Y1,600 and **Ricoh** Y17 to Y940. **Sony** lost Y20 to Y4,670 and **TDK Electronics** 140 to Y4,680.

Hitachi declined Y16 more to Y830 in an otherwise fairly steady Heavy Electric Machines sector.

Singapore

The market's fall accelerated sharply yesterday on a fresh wave of selling, with the more speculative stocks losing the most ground.

After falling below the 700 level on Tuesday, the Straits Times Industrial index dropped a further 30.44 to 668.52, not far above the 1981 low of 659.51 at which the index stood on January 2. Analysts said there is still no sign of a rebound since the market's rapid decline from its all-time peak 973.26 level of June 26 this year.

Speculation that bank credit may become more difficult to obtain in Malaysia was partly responsible for the fresh weakness.

Some Banking shares held their ground, however, while declines by most Industrials did not match the sharp drop in the 30-share Straits Times index.

Sime Darby shed 10 cents to S$3.42: three plantation members of the Sime Group reported lower annual earnings on Tuesday, and the group's major units are scheduled to announce earnings today for the year to end-June.

Among Properties, Selangor **Properties**, subject recently to bouts of speculative trading, fell 30 cents to S$6.85, while Singapore Land dipped 40 cents to S$9.70.

MUI dropped 17 per cent to S$8.90, down from price levels of over S$20 ruling earlier this year, and down from the S$15 level agreed by MUI and Goodwood Park in a share-exchange takeover deal involving two Singapore hotels. The matter is currently headed for a court battle.

Paris

The recent downward trend was sharply reversed yesterday, with shares of companies on the nationalisation list leading the market ahead. Trading was active, with gains outnumbering declines by more than two-to-one at the close. The Indicateur de Tendance index rallied 2.3 to 98.5.

The unexpected interest in companies earmarked for nationalisation follows the Government's decision to pay a coupon of 16.75 per cent on its FFr 8bn. Loan to be floated on September 10. Investors reportedly deduced that if the Government pays a coupon of 16.75 per cent on ordinary Bonds it can not pay less for those to be issued in compensation for shareholders of companies to be nationalised.

Trading in three nationalisation targets was delayed because of order imbalances: **Rhone-Poulenc**, up FFr 8.5 to FFr 67.9, **Suez**, 20 higher at FFr 250, and **UCB**, 9 per cent stronger at FFr 119.

Germany

Prices closed mainly lower, having drifted downwards from a higher opening in nervous trading.

Dealers ascribed the decline chiefly to continued market uncertainty regarding U.S. interest rates and the absence of foreign investors. Some brokers added that certain West German banks were seen to be sharply reducing their stock inventories yesterday. The Comemrzbank index dipped a further 2.4 to 722.0.

Again missing the interest of foreign investors who normally favour the sector, Machine Makers posted further broad losses, **Linde** and **MAN** each declining DM3.

Hong Kong

Shares mainl yeased afresh in quiet trading following some disappointment with the interim profits increase from **Hongkong and Shanghai Banking**, which shed 30 cents to HK$16.70.

The Hang Seng index declined 15.38 more to 1,689.78 for a two-day loss of 27 points. Combined turnover on the four stock exchanges was down to HK$351.19m from Tuesday's level of HK$464.29m.

However, brokers said the market is holding fairly well considering the weakness of the Hong Kong dollar against the U.S. currency and the prospect of interest rates in America remaining high for some time. They added that the market indicator might fall to as low as 1,650 withi nthe week, but that it could then rise in the following two weeks.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Aug. 25	Aug. 24	Aug. 21	Aug. 20	Aug. 19	Aug. 18	1981 High	1981 Low	Since Cm'pil't' High	Since Cm'pil't' Low
♦Indu str'ls	901.83	900.11	920.67	928.37	926.46	924.37	1024.05 (27/4)	900.11 (24/8)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	(u)	58.65	58.98	59.05	59.19	59.48	65.78 (16/1)	58.67 (7/5)	—	—
Transport.	377.82	382.90	395.79	399.24	399.44	398.31	447.58 (16/4)	377.82 (25/8)	447.58 (16/4/81)	12.23 (8/7/32)
Utilities	108.84	110.48	112.73	115.21	115.51	113.06	117.81 (6/1)	103.53 (5/6)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	54,600	46,750	37,670	37,670	39,690	47,270	—	—	—	—

♦Day's high 904.30 low 887.46.

Ind. div. yield %	Aug. 21	Aug. 14	Aug. 7	Year ago (approx)
	6.01	5.90	5.85	5.59

STANDARD AND POORS

	Aug. 25	Aug. 24	Aug. 21	Aug. 20	Aug. 19	Aug. 18	1981 High	1981 Low	SinceCmpil't'n High	SinceCmpil't'n Low
Indust'ls	140.91	141.18	145.45	147.17	146.89	146.44	157.02 (6/1)	140.91 (25/8)	160.36 (28/11/80)	3.52 (30/6/32)
Composite	125.13	126.50	129.25	130.69	130.45	130.11	38.12 (6/1)	125.13 (25/8)	140.52 (28/11/80)	4.40 (1/6/32)

	Aug. 19	Aug. 12	Aug. 5	Year ago (approx)
Ind. div. yield %	4.85	4.75	4.76	4.72
Ind. P/E Ratio	9.35	9.54	9.52	8.36
Long Gov. Bond yield	13.67	13.61	13.91	11.10

N.Y.S.E. ALL COMMON

Aug. 25	Aug. 24	Aug. 21	Aug. 20	1981 High	1981 Low
72.58	72.92	75.10	75.88	79.14 (6/1)	72.45 (20/2)

Rises and Falls	Aug. 25	Aug. 24	Aug. 21
Issues Traded	1,905	1,924	1,877
Rises	351	138	410
Falls	1,233	1,565	1,020
Unchanged	321	221	447
New Highs	2	4	10
New Lows	196	138	51

MONTREAL

	Aug. 25	Aug. 24	Aug. 21	Aug. 20	1981 High	1981 Low
Industrials	383.20	385.70	392.54	396.39	409.56 (27/5)	366.25 (20.2)
Combined	352.27	364.77	360.94	373.37	375.22 (13/8)	339.34 (20.2)
TORONTO Composite	2193.8	2204.8	2246.1	2262.1	2575.8 (10/4)	2161.4 (20/2)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Cities Service	1,206,100	61¾	−1
Tandy	606,700	19⅞	−½
Exxon	604,000	32	−⅜
IBM	545,300	56	+¼
Am. Tel. & Tel.	541,300	55¼	−1½
Amer. Airlines	457,600	14⅞	−½
Pan-Am. Airways	455,400	3¾	−¼
Mobil	435,000	29⅞	−⅜
G. Western Finan	411,200	14¾	+⅛
Eastman Kodak	410,800	67¼	−¼

	Aug. 26	Aug. 25	Aug. 24	Aug. 21	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	623.8	625.6	638.6	645.1	737.5 (6/4)	623.8 (26/8)
Metal & Minrls (1/1/80)	512.9	516.2	520.6	535.8	755.2 (7/1)	508.4 (5/6)
AUSTRIA						
Credit Aktien (2/1/62)	56.68	56.73	56.96	54.0	66.45 (6/1)	54.0 (21/8)
BELGIUM						
Belgian SE (31/12/63)	74.31	74.06	74.99	76.06	86.15 (17/2)	69.53 (16/6)
DENMARK						
Copenhagen SE (1/1/73)	118.78	119.00	116.35	117.9	119.00 (25/8)	96.88 (2/1)
FRANCE						
CAC General (29/12/61)	92.6	91.5	92.4	92.1	112.6 (17/5)	77.8 (15/6)
Ind Tendance (31/12/80)	98.5	96.2	96.9	96.7	108.8 (15/5)	78.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	236.15	237.17	236.48	240.4	246.47 (5/7)	215.88 (9/2)
Commerzbank (Dec 1953)	722.0	724.4	728.5	735.5	749.0 (5/7)	656.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	95.5	95.4	95.0	96.3	96.6 (20/8)	85.7 (2/1)
ANP-CBS Indust (1970)	72.7	72.9	72.7	73.7	76.4 (22/6)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1689.79	1705.16	1717.27	1715.84	1810.20 (17/7)	1295.44 (11/5)
ITALY						
Banca Comm Ital (1972)	255.33	256.19	256.57	231.3	292.03 (5/6)	166.44 (24/7)
Japan						
Dow Average (16/5/49)	7852.29	7817.22	7917.56	7295.25	8019.14 (17/8)	6956.62 (15/5)
Tokyo New SE (4/1/68)	593.07	592.55	598.59	902.13	605.92 (17/8)	495.79 (5/1)
NORWAY						
Oslow SE (1/1/72)	135.27	136.49	140.03	141.7	145.72 (6/6)	110.34 (5/6)
SINGAPORE						
Straits Times (1966)	668.52	698.96	712.23	724.57	973.26 (26/6)	659.51 (2/1)
SOUTH AFRICA						
Gold (1958)	(u)	601.7	622.5	618.0	797.6 (7/1)	473.6 (3/7)
Industrial (1958)	(u)	649.7	651.3	655.6	654.4 (20/8)	537.2 (5/2)
SPAIN						
Madrid SE (30/12/80)	145.91	145.47	(c)	144.6	145.91 (26/8)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	608.28	611.66	628.07	635.7	660.51 (10/8)	404.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/56)	284.9	285.5	287.6	267.8	304.2 (2/4)	279.8 (27/5)
WORLD						
Capital Intl. (1/1/70)	—	149.9	151.0	155.4	162.8 (8/1)	148.9 (25/8)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

Australia to step up beef checks

By Patricia Newby in Canberra

THE AUSTRALIAN Government is to tighten procedures for shipment of beef to the U.S. to allay fears that the meat might have been tampered with.

Following the discoverey in the U.S. of horse and kangaroo meat in cartons of what purported to be prime export beef from Australia, Mr Peter Nixon, the Australian Primary Industry Minister said future consignments to the U.S. would be tested on arrival in the U.S.

A senior veterinarian may be sent to the U.S. for what was described as "necessary technical discussion." It almost certainly means advice on how to tell beef from Australia's native animal, the kanageroo.

Mr Nixon said yesterday the recorded infringements of Australia's strict meat inspection were still restricted to the Profreeze establishment in Melbourne, which has had its licence revoked pending investigations.

A censure motion against Mr Nixon in Parliament yesterday accused him of unnecessary delay in anonuncing the culprits in the horse meat scandal. The motion was lost

Mr Nixon confirmed yesterday that police were investigating what appeared to be a forged document purporting to come from the Profreeze establishment, which cast doubt on whether meat being sent to the Middle East had been killed in the hal-al tradition according to Islamic laws.

Some industry observers claimed last night that the hal-al traditions might have been breached could have been politically inspired

Coffee market sharply lower

BY RICHARD MOONEY

COFFEE PRICES fell sharply yesterday in spite of confrontation by U.S. experts that next year's Brazilian crop suffered very serious damage from last month's frost.

After an extensive survey of Brazilian growing areas the U.S. Agricultural Department (USDA) agreed with earlier forecasts by the Brazilian Coffee Institute (IBC) that nearly half the 1982-83 crop had been destroyed. Pre-frost prospects for a crop of 27m-30.5m bags (60 kilos each) had been reduced to 15-18m bags, it said.

The 1981-82 crop, which escaped significant damage, is projected at about 32m bags, about a third of the world total.

The frost damage was in line with expectations and was greeted with an immediate price fall in New York and later in London as more speculators sold out their holdings. On the London futures market the November position ended the day£ 61.50 down at £906.50 a tonne.

After the frost the London coffee price leapt from around £850 a tonne to £1,167.50 on a wave of speculative buying. But this level was not held for long in view of the comfortable supply-demand prospects, even allowing for the Brazilian losses. World coffee production in the 1982-83 season is still expected to exceed market requirements by 6m bags.

At talks in Rio de Janeiro this week Sr Octavio Rainho, president of the IBC, told Mr Denis Bra Kanon, the Ivory Coast Agriculture Minister, that Brazil would seek "quite a substantial rise" in its 1981-82 export quota under the International Coffee Agreement (ICA).

This week's talks are part of a series Sr Rainho is holding with coffee growing countries ahead of next month's ICA meeting, at which 1981-82 quotas will be set.

The ICA talks promise to be lively. Many producers will see the Brazilian frost as justification for seeking bigger export quotas for themselves. But at the same time Brazil, which regards this as only a temporary set-back, will be anxious to defend its long-term market share.

Sugar depressed by EEC exports

BY OUR COMMODITIES STAFF

AN UNEXPECTEDLY large allotment of export licences at yesterday's weekly EEC export tender pushed world sugar values down again with nearby values on the London futures market reaching new 3-month lows. The January position ended the day £4.30 down at £175.45 a tonne.

Before the tender, sugar traders had been forecasting that total exports authorised of white sugar from both the 1980-1981 crop and the new crop would amount to 50,000-70,000 tonnes. But in the event the total was 115,875 tonnes, 29,575 from the old season and 86,300 from the new season.

Before yesterday's sale it was estimated that around 60.000 tonnes of old crop sugar remained to be sold.

The EEC Commission granted maximum subsidies of 21.79 European currency units for the old crop exports and 23.669 ECUs for new crop. Both subsidy rates were up from last week's levels, reflecting a £22 a tonne fall on the world market.

The recent decline in the market has been mainly due to ideal growing conditions for European sugar beet which have brought prospects of a bumper crop this year.

In Mannheim Sueddeutsche Zucker AG, West Germany's biggest sugar producer, said it expected its beet production this year to be "large" following a "normal" harvest last year of 5.15m tonnes. Company sources thought a crop of over 6m tonnes was likely.

● India's sugar production at the end of July in the 1980-81 sugar season, which started last October, rose to 5.06m tonnes against 3.82m in the same period last season, the Indian Sugar Mills Association said yesterday, reports Reuter from New Delhi.

English cheese market share up

By Our Commodities Staff

ENGLISH CHEESE is winning a bigger share of the home market as foreign manufacturers face supply difficulties, according to Dairy Crest, the Milk Marketing Board's commercial arm.

Quoting the figures compiled by the Attwood consumer research body, Mr Mike Rooney, the company's divisional director, cheese marketing, said sales of home-produced cheese had risen 10 per cent so far this year to win a market share of 69 per cent, up from 66.5 per cent in 1980.

Speculative selling hits copper

By John Edwards, Commodities Editor

COPPER prices dropped sharply on the London Metal Exchange yesterday after heavy speculative selling. Cash wirebars closed £26.5 down at £913 a tonne—£110 below the 17-month peak price reached just a fortnight ago.

Sentiment in the market has been undermined by gloomy predictions that the long-awaited cut in U.S. interest rates will come later than expected. Meanwhile, U.S. domestic copper prices have been cut to reflect the fall in New York

London brokers Intercommodities in its latest market report, issued yesterday, forecast that the three months copper price would drop to £900 a tonne or lower over the next few months. It was £28 down at £942.25 yesterday.

The report claimed that the market was due for a correction after an eight-month upward trend, and predicted prices would be hit by profit-taking and speculative stop loss selling.

The decline in copper was a depressing influence in other metal markets. However, both lead and zinc were boosted by news of the proposed closure of the Bunker Hill mining operation at Kellogg, Idaho, which is estimated to have produced a fifth of total U.S. lead, zinc and silver output last year.

Gulf Resources, owners of Bunker Hill, said depressed prices had resulted in pre-tax losses of $8m (£4.4m) in the first half of this year.

Cash lead closed only £3 down at £400 a tonne, while cash zinc gained £10.5 to £514.5 a tonne following sustained buying by a broker with strong producer connections.

Cheaper oil for Channel Islands

By Our Own Correspondent

ESSO has cut the price of fuel oil by 2.27p a gallon to help the hard-hit horticultural industry in Guernsey and Jersey, which uses about 8m gallons a year.

Over the period 1980-82, £2.1m is being paid to Guernsey's tomato growers under an island government price support scheme.

Search for the super sheep

BY DAI HAYWARD IN WELLINGTON

A POUND of meat or wool on its own may not be very much.

However, if added to every one of New Zealand's 60m sheep, this would boost production of the country's two main exports and put millions of dollars onto export earnings.

This is why scientists and animal husbandry experts at New Zealand's national research institutes are trying to breed a type of "super sheep."

Two of their objectives are to produce sheep that will almost always have twins, and to breed a ewe with a longer productive life.

New Zealand's lamb industry is vital to the country's economy.

This year 30m lambs, nearly all slaughtered before they are three months old, will be shipped to markets around the world.

The New Zealand farmers' income is affected by the lambing percentage of his flock—the number of lambs born to every 100 mother sheep.

Farmers strive to get as close to 100 per cent lambing rate as possible. But the national lamb percentage has only once exceeded 100 in the last 15 years.

If the researchers are successful they could increase the number of lambs born on New Zealand farms by up to 40 per cent —without increasing the number of breeding ewes.

This could add an extra $NZ75m (£33.5m) to farmers' incomes.

Over the past century New Zealand's sheep flock has been steadily improved, but sheep and lambs have been developed to suit the demands of the British housewife and the different climates and terrain found in different parts of New Zealand.

By introducing different breeds the New Zealand farmer has developed an animal that is suitable for both meat and wool production.

The scientists want to retain this dual-purpose sheep but are trying to increase the meat content and the breeding capacity of ewes.

Getting two lambs instead of one, plus a fleece of wool, from each breeding ewe, would be the most efficient way of increasing production.

Another long-term project is to breed the "longer-lasting ewe." The productive life of the average ewe on a New Zealand sheep farm is only 4.3 years. That means a quarter of the national flock must be replaced each year.

If ewes were productive longer, fewer lambs would have to be kept each year, and more would be available for processing.

The first step is to improve the sheep's teeth. These wear out very quickly, and are affected by the type of soil and grass on which they graze.

When a ewe's teeth wear down it cannot graze properly, especially in a poor summer when the grass is short. It loses weight and condition and this affects its breeding ability.

For many years individual farmers have tried to identify sheep with longer-lasting teeth so they can breed from them. Now the job is being done scientifically.

Gasohol programme criticised

WASHINGTON — Widespread use of corn for gasohol will play a big part in raising U.S. food prices and will have an adverse effect on U.S. agricultural exports, said Mr Fred Sanderson, an agricultural expert at the private, non-profit Brookings Institution.

In an article for Resources for the Future, a non-profit Washington research organisation, he said the gasohol law passed last year was "ill-advised," and that it should be repealed

With federal subsidies, the U.S. has embarked on a programme to boost gasohol production to 4bn gallons by 1985/86 and 10bn gallons, or 10 per cent of total domestic gasoline consumption, by 1990.

Mr Sanderson predicted that total demand for U.S grain — excluding grain for fuel — may reach 330m tonnes by 1990, 21 per cent more than the current trend rate.

Reuter

GRAIN SUPPLIES

Better outlook for Third World

BY BRIJ KHINDARIA IN GENEVA

EXPORT sales of cereals are likely to remain high during the 1980s because of a trend towards lower cereal prices in real terms.

A report by the United Nations Conference on Trade and Development (Unctad) says average cereal prices fell in real terms during the last two decades, in spite of a 70 per cent rise in 1973 which was neutralised by extra output the following year.

About 100 countries, accounting for half of the Third World's food consumption, deliberately allow a cereals output shortfall of about 15 per cent every year because it is cheaper to import cereals than to row them at home. This reliance on cereal imports is likely to continue so long as prices do not suddenly rise.

But for industrialised country exporters, animals rather than Third World buyers are the more important consumers of cereals. About half the world's cereals output is fed to animals, although 80 per cent of its energy content is lost when people eat the animals fed on cereals rather than the cereals themselves.

If the use of animals as food were not allowed to increase, food consumption per head of population in the Third World could rise by 1.2 per cent instead of the current rate of 0.3 per cent, considerably alleviating problems of starvation.

But problems of Third World hunger should become less severe anyway in coming years. About 20 developing countries, accounting for 40 per cent of Third World food consumption, are self-sufficient in food and about a third have considerable surpluses for export.

One result of the new-found wealth of the oil-exporting countries and of some other developing countries is that they are competing with industrialised nations as buyers of food, minerals and agricultural raw materials from Third World exporters.

The combined share of developing countries and Communist countries in the Third World's commodity exports has risen sharply to reach 55 per cent of industrialised countries' consumption of food, 40 per cent of their consumption of agricultural raw materials and about 30 per cent of their usage of minerals and metals. These shares should increase further as more developing nations move towards industrialisation.

About 60 per cent of Third World food and drink exports and 80 per cent of its minerals and metals exports still go to industrialised countries, but their export earnings have fallen steadily and they are turning to other Third World countries for new markets.

A big reason is that the share of commodities other than oil in total world trade has fallen from 38 per cent to 19 per cent in the last 20 years. At the same time the share of developing countries in the trade has fallen from 41 per cent to 29 per cent, with particularly sharp falls in food and agricultural raw materials exports.

That means the export structures of developing countries are dominated by goods faced with shrinking demand and fresh buyers must be found.

The falls have occurred in spite of a steady fall in average commodity prices in real terms. By the end of last year real prices were the lowest for 30 years, with severe fluctuations in such prices as those for coffee, tea, coacoa, sugar, vegetable oils, copper and phosphates. For most commodities, fluctuations were two to four times as much in the 1970s as the average for the 1960s, Unctad says.

One of the main barriers to further growth in international commodity trade is the high level of protectionism practised by European countries. Tariff walls in western Europe average 60-100 per cent of the value of food imports compared with 4 to 20 per cent in industrial goods.

Tariffs on processed food imports sometimes run into multiples of 100 per cent and products based on fibres, wood and ores are also heavily protected. Results include higher prices for the consumer, a stifling of world trade, and cumbersome and expensive systems to administer the controls.

The report is optimistic about future world food supplies, which have grown by about 2.5 per cent yearly during the last two decades compared with a slower rise in population growth. Consequently, more food has become available per head of the world population.

"One of the major groups of developing countries, not even those with low income and stagnating growth, have experienced an actual decline in food consumption per head."

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES lost ground on the London Metal Exchange with the notable exception of Zinc; the latter initially declined to £512 but recovered strongly in the wake of influential support to close the late Kerb at £528.25. Copper, however, fell sharply owing to a sell recommendation by a London Broking house. Three months dropped to a low of £942 and closed at £943.75. News of the shut-down of the Bunker Hill plant in Idaho saw Lead rise to £414 in initial dealings, subsequently the price fell back to £398 prior to a close of £408. Tin closed at £8,152.5. Aluminium at £690.5 and Nickel at £3,220.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	916.7	−24	912.5-3.5	−25.5
3 months	944.5-5	−27	942.5	−28
Settlem't	917	−24	—	..
Cathodes				
Cash	916-7	−24	912-4	−25
3 months	939-40	−25.5	934-7	−25
Settlem't	917	−24	—	...
U.S. Prod	—		*82.5-9.25	...

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £917, three months £947, 46, 45.5, 45, 46, 45.5, 45, 44, 45, 44.5, 44, 44.5, 45. Kerb: Wirebars, three months £945, 44.5, 45. Afternoon: Wirebars, three months £944, 43.5, 43, 42.5, 44, 43, 42.5, 42, 41.5. Kerb: Wirebars, three months £944, 43.5, 43, 44, 43.5, 43, 42.5, 43, 43.5. Turnover: 19,900 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7970-80	−70	7980-90	−25
3 months	8130-40	−37.5	8150-1	−4.5
Settlem't	7980	−70	—	......
Standard				
Cash	7970-80	−70	7980-90	−25
3 months	8130-40	−37.5	8150-1	−4.5
Settlem't	7980	−70	—	......
Straits E.	‡$35.10	−0.05	—	......
New York	—			

Tin—Morning: Standard, cash £8,050, 7,980, three months £8,190, 8,210, 8,200, 8,180, 60, 50. Kerb: Standard, three months £8,140, 50, 55. Afternoon: Standard, three months £8,140, 50, 55, 50, 51, 50. Kerb: Standard, three months £8,165, 70, 60. Turnover: 910 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	396-.7	−2.75	399.5-400.5	−3
3 months	405-.5	−6	407-.5	−5
Settlem't	397	−2.5		...
U.S. Spot	—	......	*42-4	......

Lead—Morning: Three months £402, 3, 4, 5, 5.5, 5. Kerb: Three months £405, 4, 5. Afternoon: Three months £406, 7, 5, 6, 6.5, 7. Kerb: Three months £407, 8. Turnover: 9,475 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	504.75-5	−2.62	514-5	+10.5
3 months	519.5-20	−4	526.5-7	+6.25
S'ment	505	−5	—	......
Primw'ts	—		*49.75-50	......

Zinc—Morning: Cash £504, 4.5, three months £522, 23, 24, 22, 23, 22, 21, 20, 18, 19, 20, 19.5. Kerb: Three months £520, 21, 20.5, 20, 20.5, 21. Afternoon: Three months £523, 24, 25, 26, 25, 27, 26, 23, 24, 25, 26, 27. Kerb: Three months £525, 27, 28, 30, 29, 28. Turnover: 19,550 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	665-6	−6.5	665.5-6.5	−9
3 months	689.5-90	−7	690.5-1.5	−8.5

Aluminium—Morning: Three months £697, 96, 95, 94, 93, 94, 91, 90.5, 90. Kerb: Three months £690. Afternoon: Three months £689, 89.5, 90, 91. Kerb: Three months £689, 90. Turnover: 7,725 tonnes.

Nickel — Morning: Three months £3,210, 05, 3,200. Kerb. Three months £3,205. Afternoon. Three months £3,200, 3,195, 3,200, 10, 05, 3,200, 05. Kerb: Three months £3,215, 20. Turnover: 450 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3150-60	−30	3140-50	−45
3 months	3200-5	−40	3205-10	−38

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 5.1p an ounce higher for spot delivery in the London bullion market yesterday at 480.4p. U.S. equivalents of the fixing levels were: spot $8.82, up 12c; three-month $9.227, up 11.2c; six-month $9.646, up 12c; and 12-month $10.417, up 12.8c. The metal opened at 485-490p ($8.87-$8.97) and closed at 480-485p ($8.85-$8.95).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	480.40p	+5.10	479.5p	−6
3 months	496.20p	+4.90	495.5p	−6
6 months	512.70p	+4.90	—	.....
12months	546.70p	+4.90	—	.....

LME—Turnover 50 (93) lots of 10,000 ozs. Morning: Three months 499, 98, 97.5, 97. Kerbs: three months 498. Afternoon: three months 495, 96, 95.5, 95. Kerbs: three months 495.

COCOA

Although due easier futures opened unchanged and closed the same. Physicals were generally neglected although products attracted a little more interest than of late, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ —	Business Done
Sept	1197-200	−6.0	1206-196
Dec	1235-36	−1.0	1242-30
March	1251-52	−0.5	1257-45
May	1258-59	−1.5	1262-54
July	1262-66	−4.0	1270-66
Sept	1267-74	−5.5	1278-76
Dec	1270-84	−4.5	—

Sales: 1,847 (1,784) lots of 10 tonnes.

ICCO—Daily price for Aug 25: 102.57 (103.49). Indicator price for Aug 26: 103.07 (103.12)

COFFEE

London opened lower than expected after the USDA estimate of a 40-45 per cent reduction in the Brazilian crop. Dealers were anticipating a much lower market and await the appropriate selling signal, reports Drexel Burnham Lambert. This occurred when trade selling found heavy stop loss orders and the market continued depressed following a weak New York opening, with renewed dealer selling and jobber liquidation.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
Sept	898-02	−51.5	940-86
Nov	905-08	−61.5	950-00
Jan	910-12	−72.0	961-08
March	920-26	−69.0	965-20
May	939-45	−55.0	975-33
July	945-55	−47.5	976-46
Sept	960-00	−32.5	—

Sales: 6,380 (6,135) lots of 5 tonnes.

ICO indicator prices for Aug 25: (U.C. cents per pound): Comp. Daily 104.00 (104.67): 20-day average 110.46 (111.34).

GRAINS

Wheat and barley opened higher but spot demand in the country could not hold futures firm. Barley began to drift as wheat/barley spreaders supported wheat at around the opening levels until lunchtime. The afternoon saw good hedge selling against scale down commission house buying, Acli reports.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: Aug 111.75, Sept 111.25, Oct 111.50 transhipment East Coast seller. U.S. Hard Winter, 13½ per cent: Sept 117.75 transhipment East Coast seller. English Feed, fob: Sept 103.00 and 107.50 traded East Coast. Maize: French Aug 125.00 transhipment East Coast seller. South African Yellow: Sept/Oct 81.50 seller. Barley: English Feed, fob: Sept 104.50 and 104.00 traded East Coast Scotland. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: N East 104.00. Feed barley: Eastern 96.00, E. Midlands 97.00, N. East 94.60, Scotland 95.40. The UK Monetary Coefficient for the week beginning Monday Aug 31 is expected to remain unchanged.

WHEAT / BARLEY

[illegible]

GAS OIL FUTURES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

[illegible]

March 417, 420, nil. May 426, 429, nil. Aug 427, 428, nil. Oct 440, 442, 441. Dec 442, 444, 443. Jan 440, 445, nil. Sales 11

SUGAR

LONDON DAILY PRICE—Raw sugar £182.00 (same) a tonne cif Aug-Sept-Oct shipments. White sugar daily price £187.00 (£184.00)

[illegible]

MEAT/VEGETABLES

[illegible]

Apples—Per pound Bramley 0.12-0.16, Granadier 0.08-0.10, Howgate 0.10-0.12, Discovery 0.14-0.22, Miller's Seedling 0.07-0.10. Cauliflowers—Per 12 Lincoln 2.60-3.00. Cabbages—Per bag Primo 20-lb 1.00-1.30. Lettuces—Per 12 round 1.00-1.20, Cos 10/12 1.50-2.10. Tomatoes—Per 12-lb D 1.00-1.40, E 0.90-1.20. Radishes—Per pack of 12 x 8-oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.00-3.00. Celery—Per 18/28, winter crop 3.00-3.50. Cucumbers—Per 10/20 1.60-2.00. Carrots—Per 26/28-lb 0.60-1.20. Strawberries—Per ½-lb 0.20-0.35. Raspberries—Per ¼-lb 0.50. Plums—Per 12-lb Victoria 0.20-0.25, Belle 1.80, Damson 2.40. Beetroot—Per 28-lb 1.20-1.40. Marrows—Per box 0.70-1.00. Fennel—Per 10-lb 3.00. Parsnips—Per pound 0.10-0.12. Stick Beans—Per pound 0.10-0.16. Broad Beans—Per pound 0.05-0.09. Swedes—Per pound 1.40. Leeks—Per 10-lb 2.00.

POTATOES

LONDON POTATO FUTURES — All positions were steadier, but closing off the highs. Steadier Dutch market, fine weather, and talk of export business were generally attracting buyers, reports Coley and Harper. Closing prices: Nov 87.0, −1.00 (high 88.00, low 86.00); Feb 107.50, +0.40 (high 109.00, low 106.10); April 124.30, +0.80 (high 125.00, low 122.90). Turnover: 361 (286) lots of 40 tonnes.

*

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £6.00-£7.60, codlings £2.80-£4.00. Large haddocks £3.20-£3.80, medium £2.80-£4.60, small £1.80-£2.20. Large plaice £4.80-£5.50, medium £4.40-£5.40, best small £3.30-£4.50. Large skinned dogfish £7.50-£8.00, medium £4.50-£6.50. Large lemon soles £10.00, medium £8.50. Saithe £2.60-£3.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 26 1981	+ or —	Month ago
Metals			
Aluminium	£810-815	......	£810-815
Free Mkt	$1210-1240	−15	$1220-250
Copper			
Cash w'bar	£913	−26.5	£922
3 mths	£942.25	−28	£948.75
Cash Cathode	£913	−26	£917
3 mths	£935.5	−28	£940.25
Gold, troy oz.	$415	−5.5	$402.5
Lead Cash	£400	−3	£455.50
3 mths	£407.25	−5	£456.25
Nickel	£4087.3	......	£3,850.50
Free mkt	270/290c	−5	275/295c
Platin'm tr'y oz	£260	......	£247
Freemkt	£228.20	−0.15	£215.05
Quicksilver	$425-435	......	$430-440
Silver troy oz.	480.40p	−5.1	448.90p
3 mths.	496.20p	+4.9	464.45p
Tin Cash	£7990	−25	£7,730
3 mths	£8150.5	−4.5	£7,052.5
Tungsten22.0lb	$145.43	......	$144.40
Wolfrm 22.04lbs	$144-148	−1	£149-152
Zinc Cash	£514.5	+10.5	£478.5
3 mths	£526.75	+6.2	£488.75
Producers	$925/1000	......	$925
Oils			
Coconut (Phil)	$555y	......	$600
Groundnut	‡		‡
Linseed Crude	£432	−16	£452
Palm Malayan	$500z	−25	$580
Seeds			
Copra Philip	$355	......	$380
Soyabean U.S.	$276z	−1	$300
Grains			
Barley Fut. Nov	£102.45	−0.5	£100.60
Maize	£125	......	£130
Wheat Fut. Nov	£108.80	......	£107.80
No2 HardWint	£117.75x	−1.5	£116.75
Other commodities			
Cocoa ship't*	£1235	−6	£1,180
Future Dec.	£1235.5	−1	£1,134.5
Coffee Ft' Nov.	£906.5	−61.5	£1,143.5
Cotton A.Index	78.40c	−0.6	86.25c
Gas Oil Sept.	$302.75	+1.25	$296
Rubber (kilo)	58.5p	−0.5	62.75p
Sugar (Raw)	£182yz	......	£225
Woolt'ps 64s kl.	391p kilo	......	388p kilo

‡ Unquoted. z Oct. y Aug-Sept. x Sept. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, August 26.

Precious Metals and copper were helped by a recovery in currencies and financial instruments which brought about short covering. Coffee came under pressure on a lack of reaction to the USDA estimate of the Brazilian 1982 crop. Cocoa closed higher on light commission house buying. Sugar continued its decline on favourable crop progress in the EEC, reported Heinold.

Copper—Aug 78.85 (75.35). Sept 75.80-76.00 (75.50). Oct 77.20. Dec 80.00-80.20. Jan 81.35. March 82.80-84.05. May 86.25. July 88.60. Sept 90.95. Dec 94.40. Jan 95.50. March 97.70. May 99.90.

*Gold—Aug 413.5 (409.3). Sept 417.0 (411.1). Oct 418.5-420.0. Dec 430.0-431.0. Feb 442.2. April 454.0-455.0. June 467.5. Aug 477.8. Oct 490.0. Dec 502.4. Feb 515.0. April 527.9. June 541.0.

*Platinum—Aug 420.0-424.0 (407.5). Sept nil (nil). Oct 419.0-421.0. Jan 435.0. April 452.0. July 469.0. Oct 485.4. Sales: 1,803.

Potatoes (round whites)—Nov 73.2-73.5 (73.7). Feb 82.5 (83.0). March 87.2. April 101.2-101.4. Sales: 598.

¶Silver—Aug 886.8 (875.0). Sept 885.0-889.0 (877.0). Oct 901.0. Dec 927.0-932.0. Jan 942.0. March 962.0-972.0. May 994.6. July 1020.9. Sept 1047.2. Dec 1086.0. Jan 1099.0. March 1125.0. May 1151.0. Handy and Harman bullion spot: 84.00 (same).

Sugar—No. 11: Sept 12.60-12.65 (13.23). Oct 12.65-12.88 (13.49). Jan 13.08. March 13.59. May 13.83. July 14.18. Sept 14.41-14.43. Oct 14.53-14.55. Sales: 11,260.

Tin—675.00-688.00 (680.0-685.00).

CHICAGO, August 26.

Lard—Chicago loose 21.50 (21.25).

Live Cattle—Oct 66.47-66.47 (64.97). Dec 66.35-66.40 (65.05). Feb 64.50-64.65. April 64.35-64.20. June 64.95-64.80. Aug 64.40.

Live Hogs—Oct 50.45-50.60 (49.25). Dec 52.20-52.30 (51.37). Feb 52.50-52.45. April 50.60-50.40. June 52.70. July 52.87. Aug 52.40. Oct 51.90. Dec 53.90.

‡‡Maize—Sept 293½-293¾ (291). Dec 302½-302 (298). March 318-317¾. May 329¾-329. July 337-337¾. Sept 341-341½.

Pork Bellies—Feb 65.70-65.90 (65.25). March 65.50-65.35 (65.27). May 67.00-66.70. July 67.80-67.45. Aug 67.15.

†Soyabeans—Sept 665½-665 (661½). Nov 676½-676 (672¾). Jan 695-695½. March 716½-716. May 735. July 750½-750. Aug 752½-753.

‖Soyabean Meal—Sept 188.0-187.8 (183.4). Oct 189.8 (189.6). Dec 195.5-195.3. Jan 198.6. March 205.3-205.0. May 210.0. July 214.5. Aug 216.0-216.5. Sept 216.0-217.0.

Soyabean Oil — Sept 20.92-20.97 (20.82). Oct 21.42 (21.27). Dec 22.31-22.28. Jan 22.75-22.73. March 23.45-23.50. May 24.15-24.10. July 24.70. Aug 24.80. Sept 24.91.

†Wheat—Sept 392 (398¼). Dec 422½-422 (418¼). March 444¾-444½. May 453½-453. July 453. Sept 464.

WINNIPEG, August 26

§Barley—Oct 124.70 (123.10). Dec 124.70 (123.50). March 128.30. May 131.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 240.10 (239.40).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

NEW YORK, August 25.

††Cocoa—Sept 1961 (1982). Dec 2096 (2128). March 2198. May 2243. Sales: 2,235.

Coffee—"C" Contract: Sept 108.51-110.00 (108.05). Dec 107.40-107.75 (107.45). March 107.25-107.60. May 108.50. July 108.50-109.00. Sept 107.50. Dec 110.00. Sales: 2,654.

Cotton—No. 2: Oct 65.90-66.15 (66.00). Dec 67.80-67.85 (67.72). March 70.20-70.30. May 72.00-72.15. July 73.40. Oct 75.00-75.30. Dec 76.00. Sales: 3,950.

Heating oil (dollars per U.S. gallon)—Sept 0.9415 (0.9443). Oct 0.9515 (0.9563). Nov 0.9645. Dec 0.9803. Jan 0.9965. Feb 1.0113. March 1.0200. April 1.0235. May 1.0250. June 1.0375. July 1.0450. Aug 1.0600. Sept 1.0650. Oct 1.0825. Turnover 9,049.

Orange juice—Sept 121.00 (120.10). Nov 126.00 (124.80). Jan 130.80-130.90. March 133.85-134.00. May 136.85-137.20. July 139.85-140.00. Sept 142.85-143.00. Nov 145.85-146.00.

CHICAGO, August 25.

Chicago Imm Gold—Sept 409.0-410.0 (415.6). Dec 427.0-426.5 (432.5). March 445.0. June 463.0-462.5. Sept 478.4. Dec 497.9. March 515.6. June 533.5.

‖Soyabean meal — Sept 188.5-188.2 (189.7). Oct 189.5-189.7 (190.1). Dec 195.0-194.5. Jan 197.5-198.0. March 204.5. May 209.0-209.5. July 214.5. Aug 216.0. Sept 217.0-218.0.

Soyabean oil — Sept 20.84-20.80 (20.78). Oct 21.25-21.28 (21.20). Dec 22.17-22.20. Jan 22.62. March 23.40. May 24.00-24.05. July 24.70. Aug 24.80-24.90. Sept 25.00.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2130 (2080). Nov 2080 (2040). Jan 2095½. March 2135. May 2169.

WINNIPEG, August 25.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence, 239.40 (239.60).

EUROPEAN MARKETS

ROTTERDAM, August 26.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent mid Aug-mid Sept 193, Sept 195, Oct 199, Nov 204, Dec 209. U.S. No. Two Red Winter Aug 165, Sept 166, Oct 170. U.S. No. Three Amber Durum mid Aug-mid Sept 184, Sept 184, Oct 191, Nov 196. U.S. No. Two Northern Spring 14 per cent Sept 185, Oct 188, Nov 193, Dec 201.

Maize—(U.S. $ per tonne). U.S. No. Three Corn Yellow afloat 141, Aug 140, Sept 138.50, Oct 137.50, Nov 138.40, Dec 141, Jan-March 146, April-June 153.

PARIS, August 26

Cocoa—(FFr per 100 kilos): Sept 1270-1300, Dec 1350, March 1375-95, May 1380-400, July 1390-410, Sept 1460 asked, Dec 1490 asked. Sales at call: one.

Sugar—(FFr per tonne): Oct 1865-66, Nov 1850-65, Dec 1920-25, Mar 1900-10, May 1950-85, July 1960-2010, Aug 2005-80, Oct 2100 asked. Sales at call: 9.

INDICES

FINANCIAL TIMES

Aug. 25	Aug. 24	Month ago	Year ago
257.80	257.63	276.51	273.96

(Base: July 1, 1952=100).

MOODY'S

Aug. 25	Aug. 24	Month ago	Year ago
1027.4	1036.2	1069.8	1231.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 25	Aug. 24	Month ago	Year ago
Spot	364.16	356.30	390.13	443.19
Fut'rs	368.41	371.73	398.57	470.89

(Average 1924-25-26=100)

REUTERS

Aug. 26	Aug. 25	M'nth ago	Year ago
1664.0	1675.9	—	1737.2

(Base: September 18, 1931=100)

Markets steady to firm following Wall Street rally
Index rebounds 9.4 to 558.5 helped by company news

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 26	Aug 27	Sept 7
Aug 28	Sept 10	Sept 11	Sept 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets made a much brighter showing yesterday after Tuesday's widespread and substantial falls. Equity shares rallied strongly with the help of cheerful company news items. Opening mark-ups and some early "cheap" buying, including a little for new-time for the trading account starting tomorrow, got leading equities and gilt-edged off to a firm start in reflection of Tuesday's late recovery on Wall Street.

The equity rally was again led by the Electrical majors which closed a few pence below the best with gains to 10, but the overall tone was boosted by several encouraging trading statements from leading issues. Blue Circle Industries and London Brick figured prominently with half-year profits way above analysts' expectations and resulting strength in the shares took the Building Materials index up 1.4 per cent to 327.50—just 2 per cent off last May's record highs.

Associated Dairies pleased the market with its results and 33 per cent scrip issue while financial issues featured Midland Bank 18 higher at 340p on Federal Reserve clearance for its major deal with Crocker National.

The FT 30-share index more than regained Tuesday's loss of 8.9 with a rally of 9.4 to 558.5; constituents Blue Circle and London Brick accounted for about a third of yesterday's advance.

British Funds opened with gains to around ¼ and made further progress in a thin trade with sentiment helped by sterling's rally. The buying carried no conviction, however, and, with worries about high U.S. interest rates still dominant, quotations eased from the best in the late trade. Long-dated issues finally managed to pick up ⅛ to ⅜ of the previous day's falls, which ranged to a full point, while the shorts ended ⅛ to ¼ better.

The lack of activity in the underlying securities was reflected in Traded options which recorded only 926 deals—784 calls and 142 puts. Well over half of yesterday's business was transacted in **Grand Metropolitan**, which attracted 400 calls—with the January 220's accounting for 122, and the January 200's 90—129 puts were also done.

Midland Bank jump

Midland stood out in a firm banks, jumping 18 to 340p now that the U.S. Federal Reserve Board has given conditional approval for the bank's £447m purchase of a 57 per cent interest in Crocker National Corporation, the 14th largest bank in the U.S. **Royal Bank of Scotland** attracted support, and closed 8 higher at 190p, on the view that the UK authorities might find it difficult to veto the bids from Hong Kong and Shanghai and Standard Chartered. Other major clearers improved in sympathy, with **NatWest** ending 6 better at 398p.

A Press report suggesting that Alexander and Alexander will bid for **Alexander Howden** attracted renewed speculative support to the latter which touched a 1981 peak of 139p before closing unchanged at 136p: the **Warrants** rose 3 points to £73. Elsewhere in Lloyds Brokers, **Hogg Robinson** were in demand and finished 6 to the good at 115p. Among Life issues, **Pearl** softened 2 to 446p, after 444p, on the satisfactory half-year results. **Provident Life** added 5 to 338p, after 340p, awaiting further developments in the Winterthur Swiss bid situation. Takeover hopes helped **Sun Life** harden 3 more to 330p.

The closing of bear positions prompted a slightly firmer tone among the drinks sector. **Bass** added a penny to 230p, while **Scottish and Newcastle**, dull since the chairman's cautious comments last week, added a fraction to 53½p. **Distillers**, 208p, recovered most of Tuesday's fall of 6.

In the Building sector, **Blue Circle** jumped 38 to 524p and **London Brick** rose 7 to 80p following interim profits well in excess of market estimates. BCI's results prompted sympathetic gains in **Rugby Portland Cement**, 4 up at 82p, and **Aberthaw Cement**, 7 to the good at 320p, while, in sympathy with London Brick, **Ibstock Johnsen** added 3 to 81p. Elsewhere, **Phoenix Timber** responded to small new-time interest and rose 8 to 102p, while **Wilson (Connolly)** firmed 6 to 176p. **John Finlan**, still awaiting news of talks with an unnamed party, revived and added 4 to 163p, while **Fairclough Construction** firmed 2 for a two-day gain of 6 to 141p in response to the higher interim profits and dividend.

Down 10 on Tuesday on Wall Street's gloom, **ICI** became a steadier market and hardened a couple of pence to 272p. **Fisons** attracted late support and gained 8 to 158p.

Idle for most of the session, Stores came in for occasional support after the official close and ended with modest gains. **Gussies "A"** rallied 3 to 468p, while **Mothercare**, 200p, and **British Home**, 137p, both firmed 2. First-half figures from **A. G. Stanley** proved a shade better than estimated and the shares gained the turn to 63p, but **Sumrie** reacted to profit-taking and fell 5 to 55p.

Thorn EMI rally

Having been the major casualties in Tuesday's setback, the Electrical leaders staged a strong recovery yesterday largely on technical influences. Closing levels were a couple of pence below the best but **Thorn EMI**, at 475p, still picked up 10 of the previous day's fall of 12. **GEC** closed a similar amount dearer at 785p, while **Racal** improved 5 at 455p and **Plessey** hardened 4 at 384p. **Philips Lamps** rallied 8 to 445p on further consideration of the interim figures. Secondary issues were featured by a fresh burst of strength in **United Scientific**, a buoyant market of late following the acquisition of Alvis; the shares jumped 19 more in busy trading to 537p on news that the company had acquired the optics division of Rollei Singapore. **Suter** ordinary, 65p, and the Deferred, 57p, cheapened 3 and 2 respectively following the announcement that McQuay-Perfex Inc. of the U.S. is not to acquire a 51 per cent stake in its Searle Manufacturing subsidiary.

Sporadic support took the Engineering majors a little higher. **GKN** picked up 5 to 169p and **Hawker** gained 4 to 340p, while **Tubes** hardened 2 to 150p as did **Vickers**, to 177p. Elsewhere, **Haden** rose 5 to 240p on a £20m plant order and **Fife Forge** gained 3 more to 85p on further consideration of the better-than-expected first-half results. **Mining Supplies** gave up 5 to 150p.

Associated Dairies, a sensitive market awaiting the preliminary results, touched 198p before closing a net 6 up at 194p on profits at the top of the range of estimates and the surprise 33 per cent scrip issue proposal. Other Food Retailers responded, **J. Sainsbury** touching 460p before closing just a penny better on balance at 455p, and **Kwik Save** adding a couple of pence to 232p. Elsewhere, **Nicholls (Vimto)**, a rising market of late, shed 5 to 260p on disappointment with the half-yearly results.

Robert Moss rise

Robert Moss highlighted miscellaneous industrials, advancing 16 to a 1981 peak of 36p on the cash bid of 32p per share from the privately-owned Orchard Holdings. **Johnson Matthey** gained 8 to 293p in response to the better-than-expected first-quarter profits and **British Aerospace** rose 7 to 233p in response to the UK/U.S. agreement for the joint development of the advanced AT-8B Harrier combat aircraft. **Solicitors Law Stationery** edged forward a penny more for a two-day jump of 5 at 27p on further consideration of the near-15 per cent taken in the company by Pergamon Press.

Harvey and Thompson found support at 45p, up 5, while **Extel**, recently firm on an investment recommendation, rose 5 afresh to 250p. **Vinten** hardened 2 to 350p ahead of today's AGM but **Restmor**, at 97p, lost 5 of the previous day's rise of 14 on profit-taking. **BTR** shed 6 to 356p and **Gestetner A** dropped 4 to 66p. The leaders rallied on bear closing and scattered support. **Glaxo** improving 6 to 410p, **Beecham** 5 to 221p and **Turner and Newall** 3 to 86p.

Hawley Leisure firmed 2 to 70p in response to the increased interim profits and dividend and the propoesd scrip issue. Among other leisure issues, **Associated** shed 3 to a 1981 low of 103p.

Publishers passed an exceptionally quiet session and most retained the overnight levels. **International Thomson** eased 5 to 270p following the interim figures, but **Link House**, due to announce annual results next month, firmed that much to 233p. **W. N. Sharpe** shed 5 to 415p on profit-taking, still up 60 so far this week on the mid-term results. Elsewhere, **BPC** remained firm and closed a fraction better at 23p.

Dull on Tuesday on interest rate uncertainties, Properties steadied and closed with modest gains on balance, **Land Securities**, 332p, and **MEPC**, 242p, both hardening a couple of pence. **Slough Estates'** interim results matched market estimates and the price improved a penny to 140p. Elsewhere, **M. P. Kent**, the subject of favourable Press comment, put on 6 to 155p.

Oils subdued

Oils were quiet but, in line with the general trend, made modest progress in places. **British Petroleum** hardening a couple of pence to 314p. **Ultramar** improved 6 to 493p, but **Lasmo** softened 5 to 570p after comment on the half-yearly results. Elsewhere, **KCA International** revived and gained 7 to 142p, while **IC Gas** rallied 5 to 188p.

Overseas Traders were irregular. **Paterson Zochonis**, dull of late on worries about the Nigerian economy, rallied 5 to 125p, while **Inchcape**, also volatile recently, firmed a like amount to 365p. **Sime Darby**, on the other hand, remained nervous awaiting today's preliminary results and shed 2 more to 87p.

Further consideration of the sharply reduced interim profits and the company's bearish comments on current trading clipped 2 more from **Gaskell Broadloom**, 50p.

Golds better

South African Golds regained their poise after the heavy falls of the previous few days.

A $5.50 rise in the bullion price to $415 an ounce coupled with bear closing and light fresh buying enabled share prices to edge forward throughout the day although the market remained thin and nervous on the South African military incursion into southern Angola. The Gold Mines index picked up 2.7 to 357.3.

South African Financials followed a similar pattern. "Johnnies" were steady at £38¼ following the record earnings and increased dividend announced after market hours on Tuesday.

The strength of UK equities prompted light buying interest in London Financials.

Platinums rallied well with gains of 10 common to **Impala**, 425p and **Lydenburg**, 200p, while **Rustenburg** added 5 at 288p.

Australians managed to recoup some of the recent lost ground despite another uninspiring performance by overnight Sydney and Melbourne markets. **Oakbridge** held at 133p ahead of the more than doubled profits and increased final dividend.

Haoma Gold edged up a penny to 55p and **North West Mining** hardened 2 to 49p following news that the companies' North American oil and gas exploration subsidiary has made a commercial oil discovery in Mitchell County, West Texas.

Hampton Areas, however, dipped 5 to 200p, in the wake of the company's acquisition of an 8.79 per cent stake in New Court Natural Resources.

The leading precious and base-metal issues attracted good support with **CRA** 8 up at 244p and **Gold Mines of Kalgoorlie** 15 ahead at 435p.

The Cornish producer **Geevor** advanced 20 to 175p as persistent investment demand reflected the recent strong gains in tin prices.

FINANCIAL TIMES STOCK INDICES

	Aug. 26	Aug. 25	Aug. 24	Aug. 21	Aug. 20	Aug. 19	A year ago
Government Secs	64.30	64.02	64.48	65.00	65.01	64.82	67.70
Fixed Interest	66.16	66.13	66.46	66.59	66.50	66.49	69.85
Industrial Ord	558.5	549.1	558.0	561.5	560.7	563.3	488.7
Gold Mines	357.3	354.6	367.3	370.5	372.0	398.0	390.9
Ord. Div. Yield	5.36	5.45	5.37	5.34	5.34	5.31	7.57
Earnings, Yld. % (full)	9.35	9.52	9.38	9.34	9.33	9.28	17.90
P/E Ratio (net) (*)	14.10	13.85	14.06	14.12	14.13	14.20	6.90
Total bargains	16,120	17,518	13,170	16,470	16,443	18,687	18,946
Equity turnover £m.	—	119.93	87.73	98.20	116.10	133.82	83.73
Equity bargains	—	12,954	11,700	11,639	11,943	13,354	11,602

10 am 552.5. 11 am 554.0. Noon 553.5. 1 pm 553.7. 2 pm 554.6. 3 pm 556.5.

Latest Index 01-246 8026.

Nil=12.68.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	70.61 (20/5)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	73.01 (20/5)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 25	Aug. 24
—Daily		
Gilt Edged Bargains	169.2	183.1
Equities Bargains	84.1	75.8
Value	242.4	177.3
5-day Avrge.		
Gilt-Edged Bargains	163.8	164.5
Equities Bargains	79.8	81.4
Value	224.7	251.8

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (43)

COMMONWEALTH and AFRICAN LOANS (1)
Aust. 5½pc 1951-82

BUILDINGS (6)
Blue Circle; French Kier; Burt Boulton; Higgs & Hill; Fairclough Constrn.; Roberts Adlard

STORES (1)
Baker's Stores

ENGINEERING (7)
Clayton, Son; Lane (Percy); Cohen (A.); Molins; Fife Forge; United Engineering; Haden

FOODS (2)
Paterson (R.); Sainsbury (J.)

INDUSTRIALS (9)
B.E.T. Defd.; Riley (E. J.); Extel; Sale Tilney; Hoskins & Horton; Star Computer; J B. Holdings; Watsham's; Moss (Robert)

INSURANCE (3)
Brentnall Beard; Do. Warrants; Howden (A.)

NEWSPAPERS (1)
Bristol Post

PAPER (2)
BPC; Culter Guard

SOUTH AFRICANS (1)
Unisec

TRUSTS (7)
Capital & Nat. B.; Lon. & Strathclyde; Inv. in Success; Lowland Inv.; Jersey General; Britannia Arrow; Jos Hldgs.

OIL and GAS (1)
Jackson Expln.

OVERSEAS TRADERS (1)
Gr. Northern

MINES (1)
Geevor

NEW LOWS (17)

BANKS (1)
First Nat. Warr.

BUILDINGS (1)
Conder Int.

ELECTRICALS (2)
Perkin-Elmer 4pc; Vitatron NV

FOODS (1)
Home Farm

HOTELS (2)
Comfort Int.; Ryan Hotels

INDUSTRIALS (4)
Durapipe; Pentos Defd.; Man. Ship Canal; Staffs. Potts.

LEISURE (1)
Assoc. Leisure

TRUSTS (1)
Negit S.A.

OIL and GAS (1)
Magellan Pet.

RUBBERS (1)
Malay Plants.

MINES (2)
Cultus Pacific; Endeavour

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	82	—	10
Corpns. Dom. and Foreign Bonds	7	2	60
Industrials	230	195	950
Financial & Props.	103	95	303
Oils	30	27	44
Plantations	2	5	16
Mines	52	38	78
Others	30	83	80
Totals	536	445	1,541

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Associated Dairies	194	+6	Johnson Matthey	293	+8
BICC	271	+3	London Brick	80	+7
Blue Circle	524	+38	Ocean Transport	116	+2
British Aerospace	233	−7	Pearl Assurance	446	−2
Cons Gold Fields	510	+7	P. & O. Deferred	115	+2
Howden (A.)	136	—	United Scientific	537	+19

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
LASMO	16	575	−10	Charter Cons.	10	248	−10
GEC	15	775	−10	HK & Shanghai	10	152	−4
RTZ	14	390	−5	ICI	10	270	−10
Racal Elec	13	450	−15	Lucas Inds.	9	224	+3
Ultramar	11	487	—	NatWest Bk.	9	392	−6
Brit Aerospace	10	226	−2	Shell Trans.	9	374	—
BP	10	312	—	Tnr & Newall	9	83	−5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	Oct 2	Dec 17	Dec 28
Oct 5	Oct 16	Dec 31	Jan 11

For rate indications see end of Share Information Service

Calls were taken out in FNFC, Dunlop, Tozer Kemsley, British Dredging, NCC, Australian Consolidated Minerals, Belhaven, M. P. Kent, Double Eagle, Charterhall, Rothmans, Tate and Lyle, Royal Bank of Scotland, Premier Oil, William Press, Fisons and Cons. Gold Fields. No puts were done, but a double was struck in Lasmo.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed., Aug. 26, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. Aug 25 Index No.	Mon. Aug. 24 Index No.	Fri., Aug. 21 Index No.	Thur. Aug. 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	370.42	+0.8	9.54	4.18	13.09	367.37	371.50	371.30	371.75	284.61
2	Building Materials (25)	327.50	+1.4	11.35	5.18	10.83	322.90	326.15	324.06	324.50	260.41
3	Contracting, Construction (28)	591.55	+0.3	16.19	4.83	7.17	589.76	594.29	589.40	584.13	422.14
4	Electricals (30)	1225.25	+1.1	7.37	2.25	16.92	1212.48	1229.87	1231.77	1233.84	840.83
5	Engineering Contractors (10)	501.43	+0.6	12.80	5.44	9.20	498.60	500.84	500.38	499.49	338.51
6	Mechanical Engineering (69)	212.46	+0.6	11.36	5.37	11.35	211.13	212.44	212.10	212.93	183.71
8	Metals and Metal Forming (13)	170.27	+2.1	9.34	6.98	14.04	166.71	167.35	167.59	168.92	164.78
9	Motors (21)	105.15	+0.9	1.62	6.58	—	104.25	104.34	105.00	104.71	101.02
10	Other Industrial Materials (18)	386.50	−0.5	9.31	5.20	12.88	388.58	396.36	397.57	397.92	0.00
21	CONSUMER GROUP (195)	286.49	+0.6	12.00	5.59	10.30	284.72	288.98	290.03	289.95	242.24
22	Brewers and Distillers (20)	301.08	+0.7	14.84	6.41	8.10	299.07	302.59	305.36	305.72	297.32
25	Food Manufacturing (21)	267.79	+0.2	14.52	6.23	8.30	267.29	270.73	270.90	271.41	221.64
26	Food Retailing (14)	554.42	+0.8	8.88	3.22	13.42	550.27	556.76	559.90	560.34	374.48
27	Health and Household Products (7)	354.84	+1.6	7.80	4.14	15.28	349.16	358.12	359.60	357.63	238.59
29	Leisure (22)	456.61	+0.7	9.03	4.68	13.76	453.52	461.91	463.00	462.63	346.55
32	Newspapers, Publishing (12)	508.15	+0.4	12.17	5.82	11.76	505.93	508.82	497.66	496.58	439.82
33	Packaging and Paper (13)	152.10	+0.4	13.70	6.96	8.68	151.55	154.30	154.24	154.73	129.48
34	Stores (44)	266.61	+0.7	10.86	5.01	12.28	264.88	268.00	269.03	269.33	238.85
35	Textiles (23)	161.66	+0.4	7.33	5.65	19.53	161.00	162.81	163.69	162.82	123.55
36	Tobaccos (3)	260.78	—	19.48	9.57	6.01	260.87	267.19	267.77	266.29	229.22
39	Other Consumer (16)	291.32	+0.9	4.18	5.79	61.16	288.65	289.57	288.21	287.97	0.00
41	OTHER GROUPS (79)	232.19	+0.4	9.93	6.17	13.18	231.37	234.87	235.73	236.17	227.95
42	Chemicals (15)	290.41	+0.6	4.68	6.25	41.12	288.62	295.94	297.72	297.28	315.27
44	Office Equipment (5)	111.95	−0.6	15.28	7.64	7.90	112.59	113.14	112.31	114.06	106.80
45	Shipping and Transport (13)	533.92	+0.8	15.47	7.14	7.68	529.85	533.16	542.54	541.95	611.37
46	Miscellaneous (46)	308.98	+0.1	12.59	5.43	9.77	308.58	311.41	311.07	312.17	282.15
49	INDUSTRIAL GROUP (488)	307.29	+0.7	10.79	5.12	11.56	305.24	309.38	310.01	310.18	257.43
51	Oils (12)	725.79	+0.5	23.22	7.93	4.78	722.50	722.71	748.36	772.05	789.18
59	500 SHARE INDEX	341.22	+0.6	12.87	5.59	9.34	339.08	342.91	345.51	347.54	299.64
61	FINANCIAL GROUP (119)	274.49	+0.5	—	5.43	—	273.24	276.34	276.77	276.66	238.30
62	Banks (6)	280.62	+1.8	31.75	6.69	3.71	275.75	279.66	280.67	281.49	237.97
63	Discount Houses (10)	270.80	+0.1	—	8.33	—	270.40	274.75	275.41	275.70	284.23
64	Hire Purchase (3)	256.37	—	11.94	7.09	11.59	256.37	257.85	258.72	258.72	224.25
65	Insurance (Life) (10)	286.99	−0.5	—	5.28	—	288.35	290.77	290.93	291.55	247.68
66	Insurance (Composite) (9)	182.95	−0.1	—	7.15	—	183.21	185.29	185.76	185.14	163.66
67	Insurance Brokers (8)	429.83	+0.4	10.35	5.40	13.10	428.26	431.03	432.25	425.64	535.57
68	Merchant Banks (13)	172.81	+0.5	—	4.92	—	171.93	173.33	172.44	171.98	143.06
69	Property (50)	488.59	+0.4	3.93	2.87	34.43	486.77	493.26	493.50	494.10	443.76
70	Miscellaneous (10)	184.12	—	17.40	5.75	6.99	184.20	185.08	185.22	185.18	148.42
71	Investment Trusts (109)	324.02	—	—	4.92	—	324.09	327.41	328.58	328.14	271.24
81	Mining Finance (3)	274.83	+0.7	12.81	4.97	9.19	273.02	278.13	281.99	282.72	246.23
91	Overseas Traders (19)	427.92	+0.4	10.89	6.95	11.70	426.29	433.51	435.51	432.96	434.86
99	ALL-SHARE INDEX (750)	328.32	+0.6	—	5.53	—	326.50	330.28	332.38	333.68	287.99

FIXED INTEREST

	PRICE INDICES	Wed. Aug. 26	Day's change %	Tues. Aug 25	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.44	+0.19	106.24	—	7.82
2	5-15 years	102.98	+0.54	102.43	—	8.60
3	Over 15 years	103.72	+0.53	103.17	—	10.22
4	Irredeemables	113.66	+0.48	113.11	—	8.71
5	All Stocks	104.07	+0.42	103.63	—	8.80
6	Debentures & Loans	81.58	−0.12	81.68	—	7.03
7	Preference	62.21	—	62.21	—	5.10

	AVERAGE GROSS REDEMPTION YIELDS		Wed. Aug. 26	Tues. Aug 25	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.52	12.58	12.15
2		15 years	13.29	13.36	12.14
3		25 years	13.53	13.61	12.14
4	Medium Coupons	5 years	14.77	14.86	13.73
5		15 years	15.29	15.38	13.62
6		25 years	14.82	14.89	13.53
7	High Coupons	5 years	14.75	14.84	13.87
8		15 years	15.47	15.56	13.98
9		25 years	15.05	15.11	13.78
10	Irredeemables †		13.07	13.13	11.69
11	Debs & Loans	5 years	15.65	15.64	14.43
12		15 years	15.92	15.90	14.16
13		25 years	15.97	15.96	14.07
14	Preference †		15.84	15.84	14.46

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
153	F.P.	21/8	172	152	♣Aerospace Eng.	154	−1	bd7.5	1.4	7.0	14.5
64	F.P.	3/9	63	60½	East of Scot. Onshore	61		g0.83	—	2.0	—
¶52	F.P.	24/9	90	75	♣Fleet St. Letter. 5p.	90		u2.5	1.9	4.0	18.9
—	F.P.	14/8	7	6	♣Hartons 5p	7		—	—	—	—
§10	F.P.	—	22	17	♣ICC Oil services	19		—	—	—	29.0
25	F.P.	18/9	28	27	Japan Assets Trust 10p	27	−½	—	—	—	—
§130	F.P.	1/10	134	132	♣Markheath 34.6% Pfd	134		—	—	14.6	—
	F.P.	20/8	125	115	♣Newcourt Oil	115	−5	—	—	—	—
100	F.P.	—	105	98	♣Ramus	100		gd5.0	2.1	7.1	7.7
—	F.P.	18/9	14	10	Stewart Ent. Warrs	12		—	—	—	—
§2	F.P.	28/8	120	114	St'ckhold'rsF.E.Inv $1	115		—	—	—	—
66	F.P.	7/9	86	75	♣Thorpac	90		b1.82	3.7	2.9	11.8
100	F.P.	15/7	104	95	Utd. Comp. & Tech. 50p	99		—	—	—	—
§15	F.P.	—	17½	16	♣Willaire Systems 10p	17	−½	—	—	—	—
¶¶	F.P.	—	15	14½	Do. Rest. Div. 10p	15xr		—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
	F.P.	6/7	110	102	Aitken Hume 10% Cnv. Uns. Ln. 1990.91	107	+1
100	£40	20/10	38½	38¼	Birmingham Drop-Lock '86/93	38¼	
100p	F.P.	7/8	112¼	97½	Chloride 7½% Conv. Prf.	100	
¶	£10	24/9	10½	9⅞	East Surrey Water 10% Prf. 1986	10⅛	
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). • Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ♣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* | £9.35 | 9.77 | −0.06 | 3.59
Clive Gilt Fd. (C.I.) | £7.89 | 8.24 | −0.05 | 16.02
*Prices on August 27. Next dealing September 3.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 255.5 | 278.0 | +4.0 | —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | US$8.06 | — | −1.64 | —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) | £86.8 | 86.9 | −1.4 | 15.54
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa | DM33.93 | 35.65 | −0.20 | —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Aug. 18 | $4.39 | 4.61 | — | —
London Agents: Kleinwort Benson. Tel.: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra | DM17.52 | 18.37 | −0.09 | —
Int. Rentenfonds | DM62.07 | 63.62 | — | —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Aug 18 | US$34.46 | 36.66 | — | —

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.(a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co. Ltd (a)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd (a)

Brown Shipley & Co. Ltd (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers(a)

Charities Charities N/R Funds

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a) (g)

Charterhouse Fund Managers(g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Dartington Unit Trust Mgmt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (b) (c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hexagon Services Ltd.

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd. (a)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst.) Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd.(c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (c)

Rowan Unit Trust Mngt. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

For Saburn Fund Mngt. see SIMCO

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Insurance Group

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

Target Tst. Mngrs. Ltd. (a) (g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co. (y)

Trustee Savings Bank (a)

Tyndall Managers Ltd.(a)(b)(c)

Tyndall & Co.—Deposit Funds

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Crescent Life Ass. Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance PLC

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni Generali S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

Manufacturers Life Insurance Co.

Merchant Investors Assurance

MGM Assurance

Minster Assurance Co.

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Prov. Private Pensions & Annuities Ltd.

Providence Capitol Life Assc. Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions(a)(b)(c)

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Chartco Commodities (Isle of Man) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
45	32	[illegible] 50c	42	.....	32.5c	—	3.7
41	14	ACM 20c	[illegible]	.....	—	—	—
21	11½	Argosy Gold NL 25c	[illegible]	.....	—	—	—
229	157	Bond Corp	[illegible]	.....	[illegible]	♦	3.1
112	76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
302	274	CRA 50c	[illegible]	[illegible]	[illegible]	[illegible]	4.7
25	15	Canada Northwest	[illegible]	.....	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 24

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FINANCIAL TIMES
Thursday August 27 1981

Thatcher rejects Carron's request

By Elinor Goodman, Lobby Correspondent

THE PRIME MINISTER yesterday turned down the request from Mr Owen Carron, the newly elected MP for Fermanagh and South Tyrone for a meeting to discuss the hunger strike.

Instead, she suggested he should see Mr Michael Alison, one of the junior Northern Ireland ministers.

The Northern Ireland Office was yesterday in touch with Mr Carron, but since Mr Alison will refuse to negotiate with him over the prisoners' five demands, there seems little hope that a meeting would end the stalemate over the strike.

Mrs Thatcher's rejection of Mr Carron's request followed his similar rebuff from Dr Garret Fitzgerald, the Irish Prime Minister. Dr Fitzgerald has, however, made it clear that he believes the British Government should adopt a more flexible attitude to the continuing strike.

Yesterday the Northern Ireland Office was adamant that no concessions could be offered to the prisoners as long as they continued their strike. It denied reports that the Government was prepared to allow all prisoners in the north the right to wear their own clothes at all times once the strike was over, and to restore at least 20 per cent of the remission lost by striking prisoners.

Mr Carron, who does not intend to take his seat at Westminster, wanted to use a meeting with Mrs Thatcher to press the strikers' demands. Downing Street's attitude was that under these circumstances a meeting would serve no point.

Mrs Thatcher used the usual device when dealing with such requests. She said: "In view of your desire for an urgent meeting, I must ask you, as I so often ask Members of Parliament, to approach the Departmental Minister concerned." Mr Humphrey Atkins, the Northern Ireland Secretary, she said, was away on holiday, but his deputy, Mr Alison, was "ready to make an early appointment to see him."

In her letter Mrs Thatcher stressed that she was glad that as "a democratically elected representative of electors in Northern Ireland" he was pursuing the "difficult problems through the democratic channels."

This, she said, was the only way in which these matters could be addressed, and she hoped that now he would join in condemning the violence.

Mr Carron said Mrs Thatcher's response showed the "scurrilous contempt she has for me as a democratically-elected MP *and also her contempt for the* people of Fermanagh and South Tyrone, who for the second time in a few months hvea returned *an anti-H-block MP.*"

But, he said, the Prime Minister's decision was not surprising considering the "blind *stupidity" of her policy over* the hunger strike.

Nigeria cuts oil price by $4

BY RAY DAFTER IN LONDON AND CHARLES SMITH IN TOKYO

NIGERIA yesterday cut the price of its oil by $4 a barrel. At the same time Japan has threatened to halt imports from five Arab countries in a bid to encourage further price reductions.

The Nigerian move—under which the country's premium-grade crude comes down to $36 a barrel through the introduction of a $4 discount on the official price—is the first by a member of the Organisation of Petroleum Exporting Countries since the inconclusive meeting on price alignment in Geneva last week.

There will now be pressure on other producers, particularly Algeria and Libya, to follow suit and to align more with the moderate pricing stance maintained by Saudi Arabia. Like Nigeria, Algeria and Libya have been hit by a suspension of exports to Japan since the beginning of this month.

Nigeria has been forced to reduce its prices to restore some of its lost exports.

A statement from the office of President Shehu Shagari said that the action had been taken "to ensure that the national interest is preserved in the face of adverse developments in the oil markets." The discount would stay in force until the end of December, by when the outcome of the next scheduled Opec meeting would be known.

The statement said it hoped Opec would unify prices at an "acceptable" level.

The Nigerian economy has been badly hit by the big drop in oil exports. In recent weeks, according to industry reports, its exports have fallen to about 500,000 barrels a day — a quarter of the level last year.

Nigeria has been hit not only *by the general drop in world*-wide oil demand but also by increasing competition from North Sea producers which charge $35 a barrel for similar grades of oil.

Japanese companies which import oil from Iran, Iraq, Kuwait, Oman and Qatar have threatened not to renew their contracts this year unless the *producers agree to substantial* price cuts.

The five Arab countries accounted for about 20 per cent of Japanese oil imports in the first quarter of this financial year.

*The threat follows the suspen*sion of Japan's imports from three African producers at the beginning of August. It is designed to force down the price at which Middle East exporters, other than Saudi Arabia and the United Arab Emirates, are sell*ing their oil from $37 a barrel* to about $33.

Six Japanese companies are due to start negotiations with the National Iranian Oil Company on contracts for 83,000 b/d.

Current contracts are due to expire at the end of September. They will be allowed to lapse if NIOC continues to insist on its current prices.

A similar position may be adopted in negotiations for the renewal of Iranian contracts which expire in October and November, and in negotiations with Oman, Qatar, Kuwait and Iraq.

Contracts with Iraq do not expire until December — by which time Japan hopes to have established a new price level for its Middle East oil imports.

The Middle East is the source of nearly 70 per cent of Japanese oil imports.

Hoover may close Glasgow plant

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

HOOVER the domestic appliance concern, yesterday said that it was holding talks with its employees on an extensive restructuring of the company which could involve the closure of its Cambuslang factory near Glasgow with the loss of over 2,000 jobs.

Speaking to workers at Cambuslang yesterday Mr Peter Budd, personnel director, said the company was studying four possible ways to restore profitability.

One was to close Cambuslang and transfer production to the Hoover factory at Perivale, near London. Another was to close Perivale and move to Cambuslang.

Other alternatives were to slim down both factories or *close them both and open a* custom-built plant elsewhere in Britain.

Workers were also asked for:

- A reduction in manning levels.
- Longer wage agreements, running for 30 months instead of the present 12.
- No wage increases or industrial action until the company was making a profit.

The company has had a rough financial ride so far this year.

The U.S. parent of Hoover reported a loss of $2.8m (£1.5m) in the first quarter of this year against a profit of $7.2m in the same period a year earlier. It blamed the losses mainly on expenses incurred in layoffs at its British operations.

For their part, the UK side plunged to a loss of £6m at the *halfway mark against a profit of* £1.56m for the same period of 1980. Redundancy costs in the second quarter were reported to have cost £3.1m and further cuts were underway which would be reflected in the third quarter figures.

Hoover's third plant at Merthyr Tydfil in Wales which is not included in the company's restructuring talks is in the process of shedding about 500 jobs. Total workforce at the three plants is above 9,000.

Over the past year 700 voluntary redundancies have cut the Cambuslang workforce and the plant is on a three-day week.

Mr Eddie McAvoy, the works convenor, at Cambuslang said his members were ready for talks but he would not give the company a blank cheque for *restructuring.*

He said he recognised Hoover's financial problems and the need for changes and he wanted to work out a joint approach with management.

The unions said they would urge management to make new investment, introduce new product lines and adopt more aggressive marketing to regain lost sales, said Mr McAvoy.

Closure of Cambuslang would be a body blow to employment in the Glasgow area. According to the Scottish Trade Union Congress, it would bring the level of jobless close to the 25 per cent level of Irvine, in Ayrshire.

A shutdown would be the biggest failure in Scotland since the closure of Talbot's Linwood works earlier this year *with the loss of over 4,000 jobs.*

Third U.S. group quits bubble technology

BY ALAN CANE IN LONDON AND LOUISE KEHOE IN SAN FRANCISCO

A THIRD major U.S. electronics group in under a year is pulling out of the bubble memory business, casting further doubt over the future of a computer technology once regarded as potentially very important.

"Bubbles" are microscopic areas of magnetism trapped in layers of semi-conductor material, used for data storage in computers. Resistant to dirt and vibration, they were seen as an answer to the problem of mass storage of data in a compact form, especially in military equipment and shopfloor systems.

The latest company to quit is National Semiconductor, one of the largest U.S. electronic *chip manufacturers,* which announced in Santa Clara, California, that it was pulling out after spending millions of *dollars on development.*

National Semiconductor's decision comes two months after Texas Instruments, the world's largest wholesale microchip manufacturer, announced it was dropping out. Texas Instruments had 27 per cent of a world market worth about U.S.$30m a year.

Rockwell, a bubble pioneer, quit last year. In the UK Plessey has also withdrawn.

Behind those decisions, it is believed, is the fact that development costs are proving too high for the potential return from a shrinking market.

Intel and Motorola are now the only U.S. bubble manufacturers. Intel is the only company to have managed to cram 1m bits of information onto a single bubble chip.

In Japan, Fujitsu and Hitachi are working on advanced forms of bubble memories. Fujitsu is expected soon to announce a *complete computer memory* system based on bubbles.

Intel is still expanding its bubble memory programme. A year ago it promised to guarantee bubble memory prices two years ahead, with the 1982 price only 30 per cent of the 1980 price; it has fulfilled this guarantee so far.

Bubble memory's death rattle, Page 11

Post Office profit

Continued from Page One

Posts reported a drop in profits to £29.2m from £49.3m on income of £2.2bn (£1.7bn). The figures include special gains from property sales of £5.9m last year against £15.2m the year before.

The postal services earned a return on turnover of 1.1 per cent—1.4 per cent after the special gains—compared with the Government's 2 per cent target.

National Girobank dipped into a loss of £1.8m after paying £7.3m in the special tax on bank deposits. Before the tax, its profit was £5.5m (£9.5m). The profit on postal orders also fell to £600,000 from £2.1m.

This is the last year in which the Post Office will report as a single organisation. From October 1 it will be split into two corporations, one consisting of British Telecom and the other of Posts and National Girobank. Both will have to *face freer competition from the* private sector.

Sir Henry, the outgoing Post Office chairman, said that, *though he supported the separa*tion, he was unhappy about the Government's decision to include in the same legislation *provisions to curtail the* monopolies of both British Telecom and Posts.

"This may have led to some *undue haste in trying to find* solutions to particularly difficult problems, and to some lack of clarity of thought in the *drawing up of the legislation,"* he wrote in his introduction to the report and accounts.

Continued from Page 1

Mitterrand

but said these were the results of a left-wing government committed to reform.

Among the most forceful criticism of the vagueness of Government policies over the economy was an editorial in last week's *Nouvel Observateur,* the Left-wing weekly sympathetic to President Mitterrand.

Speaking of the risks of *galloping inflation and rising* unemployment, it said the country needed from the President a "Churchillian" declara*tion setting out fearlessly the* realities and the dangers, what it was reasonable to hope for and what it was necessary to *guard against.*

Manufacturing jobs

Continued from Page One

working and by a slight pick-up in overtime. There has also been a small improvement in the rate of hiring in manufacturing, though labour turnover reamins at historically low levels.

The outlook for manufacturing employment still looks relatively gloomy. But not all the very large contraction of the last two years can be blamed on the recession and the strong Manufacturing employment had fallen by roughly 1m during the 1970s before the recession started.

The implication is that apart fro mthe purely cyclical squeeze there is a longer-term decline in manufacturing employment and capacity in the UK, as in some other industrialised countries. This probably reflects both the impact of the sharp rise in energy prices from the mid-1970s onwards and the growing competition from the newly industrialised countries.

This explanation is supported by the evidence on the distribution of the decline in jobs. The largest falls since mid-1979 have been in metal manufacturing (down 26.4 per cent) and textiles (down 23.4 per cent). Both sectors have been particularly exposed to international competition.

Similarly, there have been sharp declines in employment in the clothing and footwear and the mechanical engineering sectors.

Weather

UK TODAY

CLOUDY in the north and west with drizzle in the N. Isles. Elsewhere very warm, dry with sunny periods.

England, Wales, Lake District, Channel Islands, Isle of Man, S. W. Scotland, N. Ireland
Dry, sunny periods. Very warm but cooler on the coast. Max 27C (81F).

E. Scotland, Central Highlands, Borders
Dry, sunny periods. Max 23C (73F).

N. W. Scotland, Orkney, Shetland
Cloudy, little rain or drizzle, some sunny intervals. Max 18C (64F).

Outlook: Dry and warm with sunny periods. Becoming cloudier and cooler from the west with some showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	London	S	25	77
Algiers	S	27	81	L. Ang.†	C	22	72
Amsdm.	S	20	68	Luxmbg.	C	21	70
Athens	F	27	81	Luxor	S	41	106
Barclna.	S	26	79	*Madrid*	S	27	81
Beirut	S	29	84	Majorca	F	29	84
Belfast	S	16	61	Malaga	S	27	81
Belgrd.	F	20	69	Malta	F	27	81
Berlin	C	19	66	M'chstr.	S	21	70
Biarritz	S	28	82	*Melbne.*	F	18	64
Bmghm.	S	23	73	Mx. C.†	C	25	77
Blackpl.	S	17	63	Milan	S	24	75
Bordx.	S	26	79	Montrl.†	S	13	55
Boulgn.	F	20	68	Moscow	F	18	64
Bristol	S	23	73	Munich	C	18	64
Brussels	F	22	72	Nairobi	F	24	75
Budpst.	C	20	68	Naples	C	25	77
Cairo	S	36	97	Nwcstl.	F	21	70
Cardiff	S	23	73	N York†	C	18	64
Cas'b'ca	S	25	77	Nice	F	24	75
Chicg.†	C	20	68	Nicosia	S	30	86
Cologne	F	21	70	Oporto	F	17	63
Cpnhgn.	R	16	61	Oslo	F	20	68
Corfu	F	24	75	Paris	S	23	73
Denver†	C	16	61	Perth	S	16	61
Dublin	C	18	64	Prague	C	17	63
Dbrvnk.	F	24	75	Reykjvk.	C	15	59
Ednbgh.	F	22	65	Rhodes	S	28	82
Faro	S	29	84	Rome	F	25	77
Florence	F	27	81	Salzbrg.	C	19	66
Frankft.	S	18	64	S F'cisc†	S	11	52
Funchal	S	25	77	Stckhm.	R	11	52
Geneva	C	21	70	Strasbg.	F	22	72
G.braltar	F	25	77	*Sydney*	F	18	64
Glasgow	S	18	64	Tangier	S	29	84
G'rnsey	S	20	68	Tel Aviv	F	28	82
Helsinki	C	13	55	Tenerife	S	34	93
H Kong	S	33	91	Tokyo	R	28	82
Innsbrk.	C	19	64	*T'ronto†*	S	14	57
Invrnss	C	18	64	Tunis	F	27	81
I.o.Man	S	20	68	Valencia	F	26	79
Istanbul	F	22	72	Venice	C	22	72
Jersey	S	20	68	Vienna	C	19	66
L. Plms.	S	30	86	*Warsaw*	C	17	63
Lisbon	S	28	82	Zurich	F	20	68
Locarno	F	22	72				

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures

Navy freezes nuclear fuel plant project

BY DAVID FISHLOCK, SCIENCE EDITOR

THE ROYAL NAVY has frozen construction of a factory which was being built at Capenhurst in Cheshire to make fuel for its nuclear submarine fleet.

The factory, ordered last year from British Nuclear Fuels, was to have produced highly enriched uranium to fuel the pressurised water reactors in the submarines.

Construction of the factory, originally scheduled to come into operation in 1985, has been "*slowed down in accordance* with a Ministry of Defence requirement to reduce expenditure on this project over the *next two years," according* to BNFL's annual report, published today.

It is understood, however, *that the Navy* is reconsidering the option of continuing to obtain highly enriched uranium from the U.S. Government, instead *of* investing in an independent source.

So far, Britain has fuelled its submarine fleet and the naval demonstration pressurised water reactor in Scotland with highly enriched uranium obtained from the U.S., in exchange for British plutonium used by the U.S. nuclear weapons industry.

This exchange, dating from 1959, has given Britain—with large plutonium stocks—good value and permitted the Navy to put 16 nuclear submarines into service.

But the U.S. Government is *planning to build plutonium* production capacity for its weapons programme, suggesting that for future deliveries the British navy may have to pay cash for its submarine fuel.

The naval enrichment factory was to be of the same basic design as BNFL's latest gas centrifuge factory nearing completion at Capenhurst.

This factory, scheduled to come into operation next year, represents a major part of the corporation's capital investment of £200.5m last year.

The naval factory would have significantly increased enrichment capacity, which would have helped to make BNFL's gas centrifuge project viable, Mr Con Allday, chief executive, said yesterday. It would have employed about 250.

BNFL is also faced with closure next year of its oldest enrichment factory, the gas diffusion plant at Capenhurst, operated since the early 1950s.

It had planned to continue operating this factory until 1985 on a contract for the Central Electricity Generating Board to re-enrich uranium recovered from spent nuclear fuel.

With the falling world price of uranium, however, the CEGB is no longer finding it economic to recover depleted uranium and has re-negotiated its contract.

If the Navy project is not restarted, BNFL estimates that as many as 800 jobs may be lost at Capenhurst. Elsewhere, its workforce—which expanded by 8.3 per cent to 16,200 last year —*is* expected to continue to grow.

Mr Allday said that investment by BNFL was now "well up to programme—we spent more than we thought we could." He expects the investment programme to continue to grow in real terms for the next *five years.*

Capital expenditure authorised at the end of the financial year totalled £660m, of which £147m had been contractually committed.

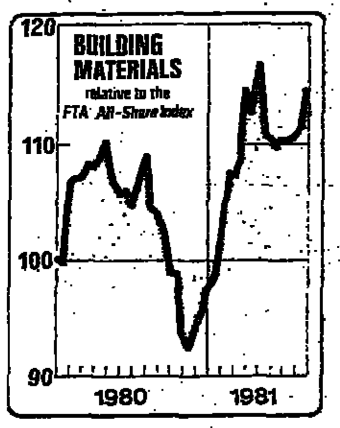
The other big item of capital expenditure last year was refurbishing of the storage and reprocessing facilities for spent nuclear fuel at Sellafield (*formerly Windscale*) in Cumbria.

BNFL increased its sales by £65.7m to £349.2m last year. But higher interest charges and a 25 per cent increase in research and development expenditure reduced the profit after taxation from £16m to £12.9m.

THE LEX COLUMN

Blue Circle fires on all cylinders

Index rose 9.4 to 558.5



Pleasant surprises are so rare nowadays that the stock market likes to enjoy them all over again, even if it has to use the same old figures. Last year Blue Circle delighted investors with a big rise in second half profits as the big overseas expansion began to pay off, and yesterday's interim figures show that foreign profits have edged further ahead, helped by exchange rate movements. So the comparison with the same period in 1980 retained its impressive quality —and the shares soared 38p to 524p.

The interim pre-tax figure of £50.9m compares with £34.2m in the same period last year and £44.4m in the preceding half. While this is a healthy performance given the seasonal strength of the second half, it is boosted by a £3.2m contribution from Armitage Shanks, and nearly £4m from favourable South American exchange rate movements.

Ironically, it is resilience in the UK which has underpinned the results. Volume has fallen by 20 per cent in the first half, yet the effect of the rationalisations has pushed UK trading profits up from £11.7m in the second half of 1980 to £15.8m, of which only £2m is from Armitage. A further volume decline of 10 per cent is ex*pected for the current half and* there seems to be a more restrained attitude to price rises, so domestic profits are set for a fall.

But there should be more than compensating gains abroad as the show-piece Malaysian *plant goes into operation.* And the pace of overseas expansion hots up next year. For 1981, pre-tax profits may be in the *region of £105m, against* £78.6m. Growth in earnings will be less impressive as the foreign tax charge bites and it will not be *every year that* Blue Circle is firing on nearly all cylinders. The prospective yield is 4.7 per cent.

Post Office

The Post Office pays auditors' *fees of £900,000, and cynics may* wonder whether it is all worth while. For it is clear that any comparison of the latest re*ported profits with those of* 1979-80 would be quite meaningless.

The aftermath of the com*puter strike means there is no* way of knowing whether the results have been correctly allocated to the right accounting *period, and anyway conventional* accounting procedures have yet to be aplied to assets with a net book value of £4.1bn. Asset lives have been shortened in the latest period, adding £91.9m to the depreciation provision, but no account has been taken of *the adverse financial conse*quences which the PO says will follow grom the licensing of new competition. And then there is an unexplained defficiency of £6m in respect of materials awaiting installation. It all adds up to a right old hotch potch.

Asda

Associated Dairies' shareholders will need the report and accounts for anything like a full picture of last year's performance. The preliminary figures, which show pre-tax profits rising 2.8 per cent to £51.4m, are confused by write-offs on the non-Asda retailing *operations* and by a mismatching of reporting periods.

The group has swung from £¼m of interest receipts to £¼m of interest payments, so the underlying improvement in trading profits may be very roughly 10 per cent. This is a far cry from the growth of a few years ago and the Asda stores are clearly struggling to maintain net margins through higher volume. Their sales were up by 24.7 per cent on the year, but volume growth in the northern heartland was only about 4 per cent.

The second half was three *weeks shorter* this year and compares with a period of heavy promotion in 1979/80. Even so the fact that volume sales fell *on higher square footage looks* a little ominous, particularly as the Asda side will need to make most of the running again this year. *The carpet business is* suffering from down-trading and, while margins are good on furniture, cash flow from the new stores is not yet satis*factory.*

The group should still be able to make £60m pre-tax this year, helped by the £45m rights issue cash which will stay in the bank until it is drawn down for store developments towards the year-end. That kind of growth is fully discounted in the price of the shares which, after a 4p rise to 194p yesterday, trade on over 20 times historic fully-taxed earnings and yield 2.8 per cent.

Johnson Matthey

Johnson Matthey's first quarter figures confirm that this is not a business which goes up and down with the bullion price. Pre-tax profits are £12m, compared with £10.2m in a period which was still enjoying the backwash of the gold boom.

These figures reflect interest savings on the £47m rights issue, and some quite active trading in the bullion market. On the platinum side, a recovery in demand from the jewellery trade in Japan has helped to offset a poor market for automotive catalysts in the U.S. There are other weak spots, like engineering and jewellery in the UK, but the underlying trend is steady and profits for the year could rise from £45.6m to over £50m.

That would represent a small decline in terms of profits per share. But there is a lot of new capacity coming into pro*duction over the next two years,* and any upturn in consumer demand will have a big impact on earnings. There is good *scope for dividend growth,* and the historic yield at 293p is 4.7 per cent.

Intl. Thomson

Like Lasmo's results earlier in the week, International Thomson's first half figures show why the oil companies are getting so upset about North Sea tax: not only are the tax rates rising, but the companies are actually having to pay the money over. Thomson's first half charge for North Sea taxes rose from £70.1m to £92.6m, but its fields have now reached relative maturity, and only £25m, as against £42m, of tax *was deferred.* In the *current* half the proportion actually paid may be even higher.

It would be wrong to feel too sorry for Thomson, however. Despite a £2m fall in net earnings to £15.3m the company managed to repay £20m of long-term *debt* in the first six months of 1981 and to spend £28m on acquisitions and on new oil and gas resources.

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